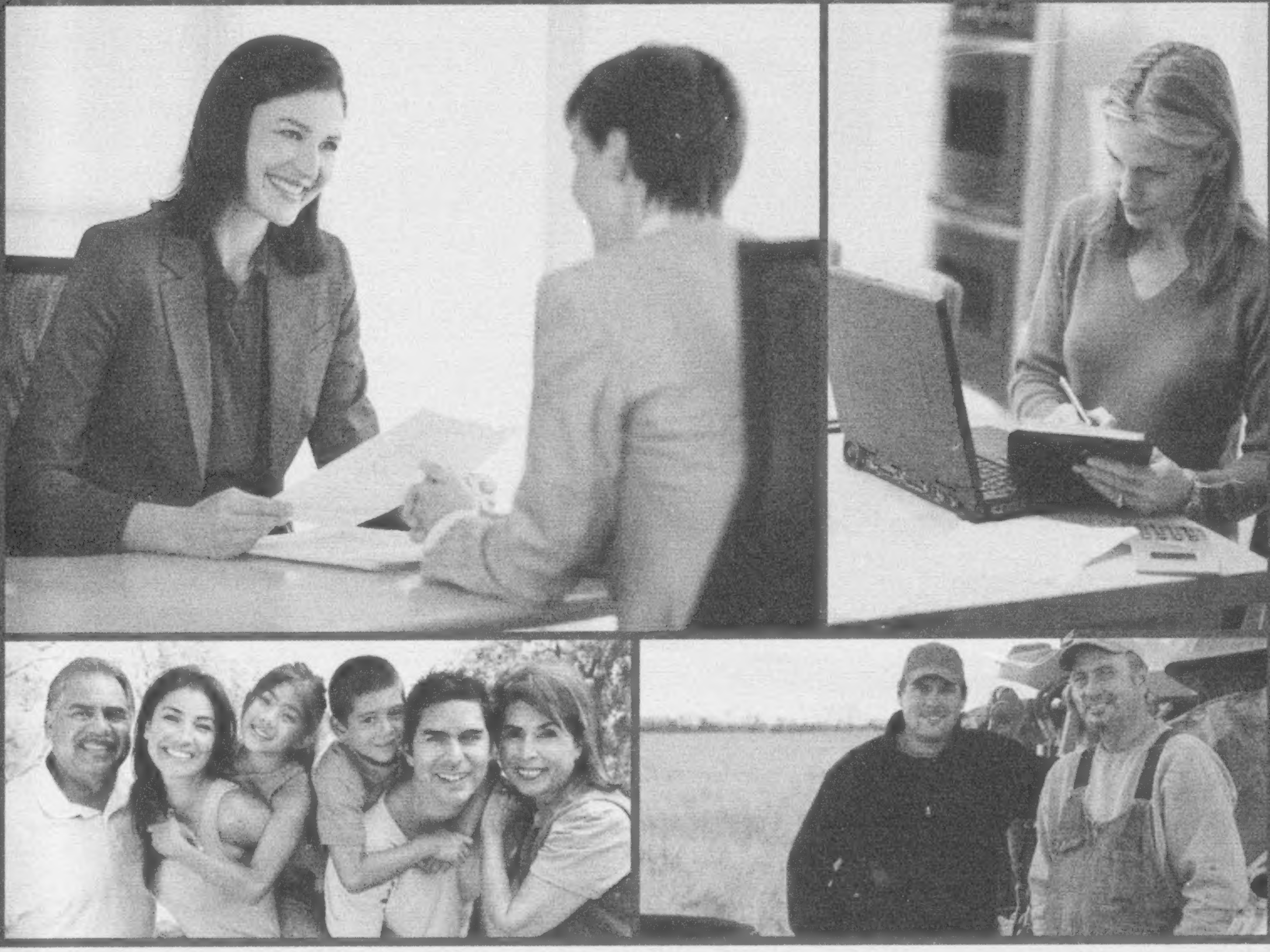
Canada Revenue Agency
Agence du revenu du Canada

Departmental Performance Report

2013-14



The Honourable Kerry-Lynne D. Findlay, P.C., Q.C., M.P.
Minister of National Revenue

Canada

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ISSN 2368-2418
Rv1-11/2014E-PDF

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Foreword

Departmental performance reports (DPRs) are part of the Estimates family of documents. Estimates documents support appropriation acts, which are acts that specify how the government will spend funds, and how much. The Estimates document family has three parts.

Part 1, Government Expenditure Plan, provides an overview of federal spending.

Part 2, Main Estimates, lists the financial resources that individual departments, agencies, and Crown corporations need for the upcoming fiscal year.

Part 3, Departmental expenditure plans, consists of two documents. Reports on plans and priorities (RPPs) are expenditure plans for each department and agency, except Crown corporations. They describe departmental priorities, strategic outcomes, programs, expected results, and associated resource requirements, covering a three-year period beginning with the year indicated in the title of the report. DPRs are individual department and agency accounts of actual performance for the most recently completed fiscal year, against the plans, priorities, and expected results set out in their respective RPPs. Performance reports inform parliamentarians and Canadians of the results achieved by government organizations.

Also, supplementary Estimates documents present information on spending requirements that were either not sufficiently developed in time to be included in the Main Estimates or were later refined to account for developments in particular programs and services.

The financial information in DPRs is drawn directly from authorities presented in the Main Estimates and the planned spending information in RPPs. The financial information in DPRs is also consistent with information in the Public Accounts of Canada. The Public Accounts of Canada include the Government of Canada Consolidated Statement of Financial Position, the Consolidated Statement of Operations and Accumulated Deficit, the Consolidated Statement of Change in Net Debt, and the Consolidated Statement of Cash Flow, as well as details of financial operations segregated by ministerial portfolio for a given fiscal year. For the DPR, two types of financial information are drawn from the Public Accounts of Canada: authorities available for use by an organization for the fiscal year, and authorities used for that same fiscal year. The latter corresponds to actual spending as presented in the DPR.

The Treasury Board Policy on Management, Resources and Results Structures further strengthens the alignment of the performance information presented in DPRs, other Estimates documents, and the Public Accounts of Canada. The policy establishes the Program Alignment Architecture of appropriated organizations as the structure against which financial and non-financial performance information is provided for Estimates and parliamentary reporting. The same reporting structure applies whether the organization is reporting in the Main Estimates, the RPP, the DPR or the Public Accounts of Canada.

A number of changes have been made to DPRs for 2013-2014 to better support decisions on appropriations. Where applicable, DPRs now provide financial, human resources, and performance information in Section II at the lowest level of the organization's Program Alignment Architecture.

In addition, the DPRs format and terminology have been revised to improve clarity and consistency, and to strengthen emphasis on Estimates and Public Accounts information. As well, departmental reporting on the Federal Sustainable Development Strategy has been consolidated into a new supplementary information table posted on departmental websites. This new table brings together all of the components of the Departmental Sustainable Development Strategy formerly presented in DPRs and on departmental websites, including reporting on the Greening of Government Operations and Strategic Environmental Assessments. Section III of the report provides a link to the new table on the organization's website. Finally, definitions of terminology are now included in an appendix.

Minister's message

The Canada Revenue Agency serves as the world-class tax administration that supports Canada's economic growth and prosperity. A well-functioning tax and benefit system is the backbone of a dynamic, prosperous, and democratic society.

As Canada emerges from the global economic crisis, our government remains focussed on jobs and growth. The Canada Revenue Agency (CRA) plays an important role in supporting small businesses, the engines of job creation. We extended and expanded the temporary hiring credit for small business, which will help an estimated 560,000 small businesses reinvest in their operations. We also increased the lifetime capital gains exemption which encourages investment in small business and makes it easier to transfer family businesses to the next generation. These tax relief measures will help small businesses plan for the future and build the skilled workforce Canada needs to compete successfully.

The CRA is doing its part to make sure small business investments contribute to growth and are not tied up in red tape. The CRA's significant contribution to our government's Red Tape Reduction Action Plan includes an expansion of CRA online services, making tax compliance simpler for small businesses and their tax representatives. For example, Canadian businesses can now choose to receive electronically their notices of assessment and reassessment and letters for their corporate and GST/HST accounts. Online filing rates for individual taxpayers also reached all-time highs in 2013-2014, as more Canadians opted for the convenience of secure online filing.

Public confidence in the fairness of Canada's tax system is assured when everyone pays the taxes they owe. That's why our government is combatting tax evasion and the use of tax havens, which undermine the tax system and place an unfair burden on law-abiding Canadians. The CRA's Aggressive Tax Planning program challenges abusive schemes designed to avoid reporting or paying tax on income. In January 2014, I announced the new Offshore Tax Informant Program under which the CRA may make financial awards to informants providing evidence of major international tax non-compliance leading to the collection of taxes owing. As of March 31, 2014, the CRA had received 63 written submissions, an indication that this and other measures we have recently taken to combat international tax evasion are helping to ensure a level playing field for all Canadians when it comes to Canada's tax laws.

The tax system can be complex, especially for small and medium-sized businesses that may need help understanding their obligations and paying the taxes they owe. The CRA's records show that, each year,

> “Supporting small business is a key motivation behind our government’s Red Tape Reduction Action Plan, to which the CRA is making a very significant contribution.”
>
> **— Kerry-Lynne D. Findlay**

about a third of the income tax returns from these smaller enterprises contain errors. Our government is responding by introducing several measures to help businesses and make it easier for them to comply. For example, the CRA began pilot-testing the Liaison Officer Initiative. Through this initiative, CRA employees help taxpayers at key points in the business life cycle, such as when they start up a new business, hire staff, or make important investment decisions. The Liaison Officer Initiative can help businesses avoid errors that could end up being costly and time-consuming down the road.

More Canadians are working now than ever before and the economy is once again growing. Our government is committed to making sure Canadian families and communities remain secure and strong. In 2013-2014, our government added several new tax credits and exemptions to assist families and communities. For example, there are now credits and exemptions for Canadians needing a variety of therapeutic services and devices, and an adoption expense tax credit to make adoption more affordable. And, for the 2014 and later tax years, the CRA will administer a new search and rescue volunteers tax credit to recognize the important role played by ground, air, and marine search and rescue volunteers.

I am proud of all that the CRA accomplished in 2013-2014, and I continue to be impressed by CRA employees’ dedication to integrity and service and by their contributions to Canada’s growth and prosperity.

original signed

The Honourable Kerry-Lynne D. Findlay, P.C., Q.C., M.P.
Minister of National Revenue

Foreword by the Chair

As the Chair of the Board of Management I am pleased with the Canada Revenue Agency results for the past year. I believe our Board has fulfilled its oversight responsibilities, working together with Board members, the Commissioner and his management team, as well as the employees of the CRA.

In fulfilling our responsibilities the Board has also supported the Canada Revenue Agency (CRA) in achieving the planned strategic objectives, with the overall goal of providing continual improvements in service to Canadian taxpayers and benefit recipients.

Continual improvement in service to Canadians remains a high priority for the Board and the CRA. It is one of the pillars of our roadmap for integrity and security, service, and compliance, which was approved by the Board in December 2013. The Board is fully engaged in the CRA's enhanced emphasis on integrity and security, and ensuring services are available for taxpayers to comply with their tax obligations.

In 2013-2014 the CRA continued transformation with regard to the government's overall fiscal rebalancing efforts. The Board is pleased with the progress of transformation to date, and continues to encourage the CRA to focus on reducing red tape internally, as well as for Canadians, in particular for small and medium enterprises, in dealing with the CRA. To this end, the Board remains committed to working with the Commissioner and staff at the CRA to continually find ways to streamline and simplify processes, while introducing new e-services for Canadian taxpayers.

"The Board supports the CRA's strategic objectives, with the overall goal of providing continual improvements in service to Canadian taxpayers and benefit recipients"

— **Richard (Rick) Thorpe**

In June 2013, the Board welcomed the Clerk of the Privy Council to our Strategic Planning meeting, where he shared with the Board the Government's Blueprint 2020, a process to renew Canada's public service. The CRA's Commissioner has also engaged the Board in the CRA's Blueprint 2020 plans, employee engagement and consultations. The Board is committed to working with the Commissioner on this promising initiative.

I would like to express my thanks to Ms. Susan J. McArthur, whose term as Board Chair ended on August 3, 2013, and to my colleague Ms. Fauzia Lalani, who served as interim Chair until October 3, 2013, for their service to Canadians, as well as for giving me and the Directors of the Board assistance and direction in ensuring the CRA has a solid strategic framework and is focused on providing Canadians with the services they deserve.

On behalf of the CRA Board of Management, I am pleased to recommend this report to the Minister of National Revenue, the Honourable Kerry-Lynne D. Findlay, for tabling in Parliament.

original signed

Richard (Rick) Thorpe, CPA, CMA, FCMA
Chair,
Board of Management

A message from the Commissioner of the Canada Revenue Agency

This was a rewarding year to serve as Commissioner of the Canada Revenue Agency. I am proud of the significant steps we took to advance our organizational priorities – service, compliance, integrity, and security.

The way the Canada Revenue Agency (CRA) serves Canadians is changing. By adding more online options every year we have improved service for taxpayers, and increased the efficiency of tax administration. This shift to electronic services has enabled us to keep pace with changing taxpayer needs, and demonstrates our support for Government priorities such as red tape reduction. Taxpayer use of our online services shows we are on the right track. In 2013-2014, 80% of Canadians filed their individual tax returns electronically, our website received more than 125 million visits, and our call centre agents and automated services answered more than 22 million calls.

Importantly, in 2013-2014, more than 92% of individual taxpayers filed their taxes on time without intervention from the CRA – a profound demonstration that service and compliance go hand in hand. By enhancing our service channels to provide the information and tools Canadians need to meet their tax obligations, we help clear away the barriers to voluntary compliance.

The CRA is continuously looking for ways to make compliance easier, and to deter non-compliance. To this end, our Minister announced three new programs for small and medium enterprises to help protect the integrity of the tax system and reduce red tape. These programs are aimed at providing early support to Canada's entrepreneurs to help ensure they understand and can easily access the information they need to comply with their tax obligations, as well as working more closely with tax representatives. Our goal is to provide assistance at key points in the small business lifecycle to help prevent costly and time consuming errors, and ultimately reduce the need for audits.

> "Canada's tax system can only work effectively if the CRA maintains public confidence in the fairness and integrity of our processes."
>
> **— Andrew Treusch**

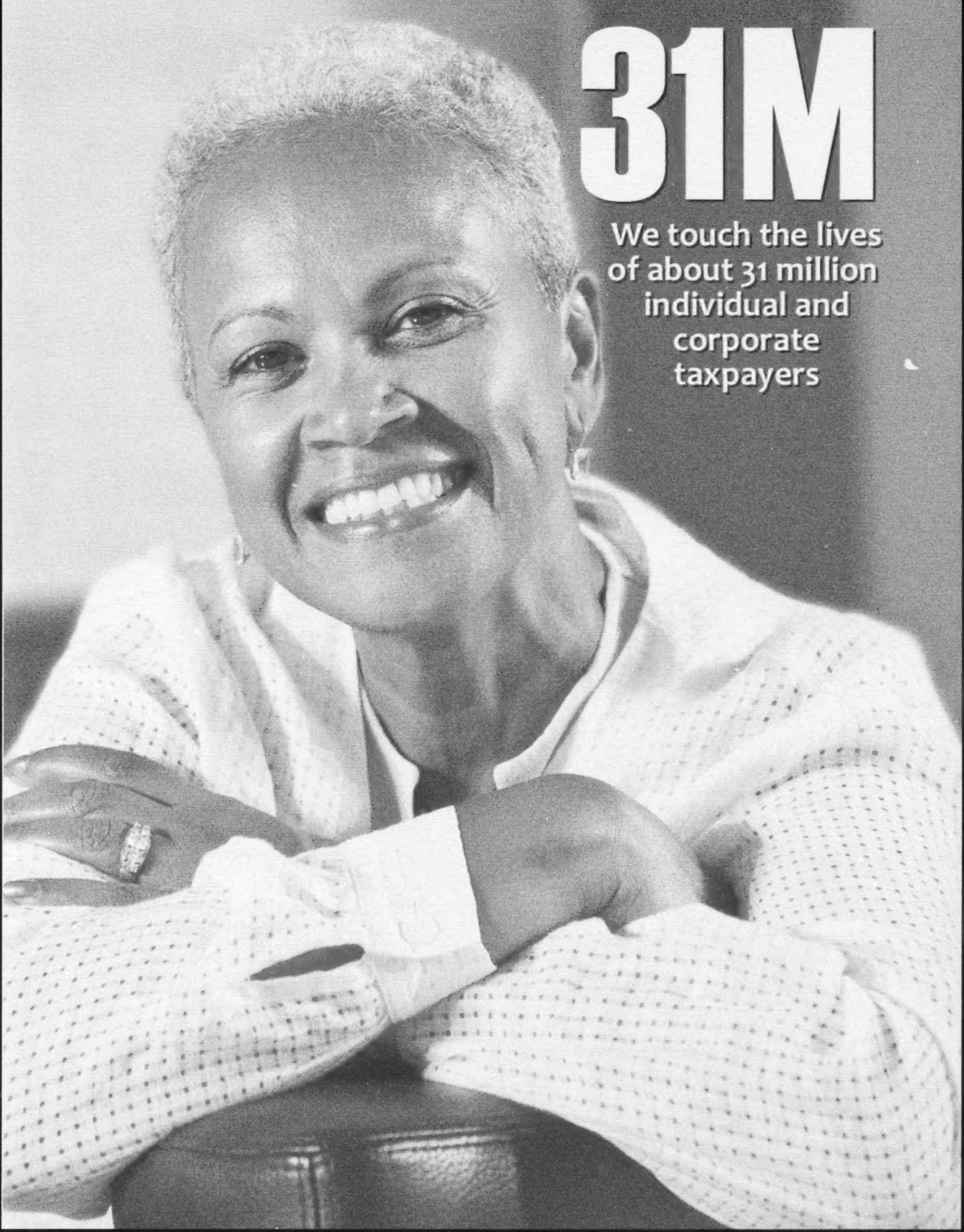
To deter non-compliance, we are taking a strong stance against international tax evasion and aggressive tax avoidance, implementing a number of measures announced in Economic Action Plan 2013. These included the Offshore Tax Informant Program, new reporting requirements for international electronic fund transfers, a streamlined process for obtaining third party information, and expanded reporting requirements for taxpayers with foreign income or property. We have also continued to increase the number of auditors working on international files in 2013-2014, to ensure we have the on-the-ground capacity to get the job done.

Canada's tax system can only work effectively if the CRA maintains public confidence in the fairness and integrity of our processes. In 2013-2014, we continued to build on our existing culture of integrity and solid business practices, taking several steps to reinforce security and maintain public trust in the tax system. These included additional measures to protect taxpayer data and prevent inappropriate access, physically segregating the audit and selections functions to ensure the independence and objectivity of each, and putting in place a new level of security screening for individuals in positions warranting a high degree of public trust.

Every employee plays a critical role in maintaining the CRA's integrity while advancing service and compliance, and I extend a warm thank-you to everyone in the organization. Our employees demonstrated strong capabilities and resilience during a time of rapid transition. With their help and dedication, the CRA is well-positioned to serve Canadians for years to come.

original signed

Andrew Treusch
Commissioner of the Canada Revenue Agency



31M

We touch the lives of about 31 million individual and corporate taxpayers

Strategic overview

The Canada Revenue Agency (CRA) is Canada's tax and benefits administrator. Our activities provide the government revenue needed to deliver essential services to Canadians that lay the foundation for continued economic prosperity and future growth. In addition, we work in partnership with other levels of government such as the provinces and territories to collect revenues and deliver benefit programs on their behalf. Last year, we processed over $451 billion in payments and we issued almost $22 billion in benefit and credit payments. The work we do touches the lives of approximately 31 million individual and corporate taxpayers. The foundation of our administration rests upon three enduring pillars: **service, compliance**, and **integrity**.

Organization

The CRA employs a workforce of over 40,000 and maintains a physical presence in every major centre and region of the country. Although our employees work out of dozens of offices from coast to coast and perform a wide variety of tasks, they all share a common goal: to deliver unparalleled service and value to Canadians and our government clients. At the CRA, we are committed to delivering a world-class tax and benefit administration that is efficient, effective, and trusted.

In addition to the *Income Tax Act* and the *Excise Tax Act*, we administer legislation for the Canada Pension Plan, and the Employment Insurance Program. We are also responsible for enforcing legislation governing charities, collecting tobacco taxes and duties, ensuring registered pension plans comply with the regulations governing their administration, and collecting many non-tax debts for the federal government.

Blueprint 2020 at the CRA

In June 2013, the Clerk of the Privy Council launched Blueprint 2020 by inviting public servants to engage in a government-wide dialogue on his vision for Canada's public service of the future. This is a vision of a public service where a high-performing workforce makes use of new technologies to engage citizens and partners, and achieves the best possible outcomes with new, efficient, interconnected, and nimble ways of working.

In response to the Clerk's Blueprint 2020 challenge, the CRA embarked on the most successful employee engagement exercise in its corporate history. The response of staff and management was remarkable as tens of thousands of CRA employees participated in town halls, team meetings, and special events held in offices across the country. Thousands more engaged, on social media, in a CRA-wide and government-wide dialogue about Blueprint 2020.

The result was the identification of nine priorities and the development of a comprehensive plan of action to move the CRA toward the Clerk's Blueprint 2020 vision.

Outcomes, Technology, and Convergence

Our strategies focus on outcomes such as ensuring individuals and businesses find it simple and quick to comply, and most Canadians can deal with their tax matters online, when and how they choose. Our strategic approach is also propelled by rapid advances in information technology and data analytics. We continually expand our digital service offerings, and use advanced analytics to more accurately predict taxpayer behaviour and risk of non-compliance. We now use targeted, risk-based approaches that are more cost-effective and proactively support and influence the compliance behaviour of low-risk taxpayers. This reduces the need for costly audit and collections interventions.

As our use of technology and analytics becomes more sophisticated, new proactive compliance approaches are feasible. Service and compliance activities now often work together to make our program delivery more efficient. For example, our Liaison Officer Initiative supports compliance outcomes while helping businesses meet their tax obligations. Similarly, new digital services support compliance outcomes by enabling self-service and reducing the compliance burden.

51

DID YOU KNOW?
The CRA has 51 tax services offices and tax centres serving Canadians in every region of the country

Service, Compliance, Integrity, and Security

Our tax system works because Canadians have placed their trust in the fairness of Canada's tax system and the integrity of our administration and our people. We earn this trust by vigorously protecting the confidentiality of the information entrusted to us, providing fair and impartial redress, pursuing those who are non-compliant, and acting with integrity in our dealings with taxpayers, benefit recipients, and their representatives.

Service

Making it easier for taxpayers to understand and comply with their tax obligations is one of our core service priorities. This means providing easier access to clear, accurate information, providing timely services, and reducing the compliance burden wherever possible by reducing red tape. It means providing targeted assistance to taxpayers who may need a helping hand, like new Canadians, small businesses, students and seniors. It also means expanding the digital services we offer to give taxpayers and their representatives more opportunities to access our services and information.

We improved service by:

- enhancing our secure online portals—such as our new audit landing page—for taxpayers, benefit recipients, and their representatives.
- offering innovative new digital services such as expanded e-documents services, and developing CRA applications for mobile devices.
- providing tailored help for those who need it, when they need it, such as first-time filers, new Canadians, seniors, scientific research and experimental development claimants, and small businesses owners.
- working in partnership with others to provide needed services—for example, working with community organizations to help deliver the Community Volunteer Income Tax Program—and exploring opportunities for new partnerships with tax preparers and software developers.
- reducing red tape for businesses so they can get on with the task of creating jobs and growing the economy.

Compliance

Delivering excellent service is just one important way we maintain high levels of voluntary compliance. With help and support, most Canadians comply with their tax obligations. However, there will always be those who will try to evade their responsibilities. Our compliance strategy is simple. We are increasing our support for those who need help to comply, and we are making non-compliance more risky and difficult for those who choose not to comply.

Our research tells us compliance depends on the perceived risk of detection for some taxpayers. The existence of a strong enforcement presence serves as an effective deterrent for many taxpayers who might otherwise be tempted to cheat.

integrity
security
service
Your Canada Revenue Agency
compliance

We improved compliance by:

- creating point-of-sale audit teams comprising electronic commerce audit specialists to address the use of software that suppresses sales.
- improving compliance support to small business through our Liaison Officer Initiative, which provides information and in-person support at key points as businesses grow.
- using new proactive compliance efforts like letter writing and telephone campaigns to reach large numbers of taxpayers and positively influence their compliance behaviour.
- releasing pre-judgement information on significant criminal investigation actions such as searches, seizures, or laying criminal charges. This information helps to protect Canadians from fraud schemes.
- working more collaboratively with tax preparers to identify issues of concern and prevent common reporting errors. In February 2014, we announced the Registration of Tax Preparers Program.
- implementing business intelligence and quality assurance initiatives in our audit and examination programs for income tax and GST/HST. This ensures the quality of our audits and brings greater rigour to our audit workload selection processes.
- supporting innovative measures, such as the new reward program for individuals who provide information on cases of significant international tax non-compliance.

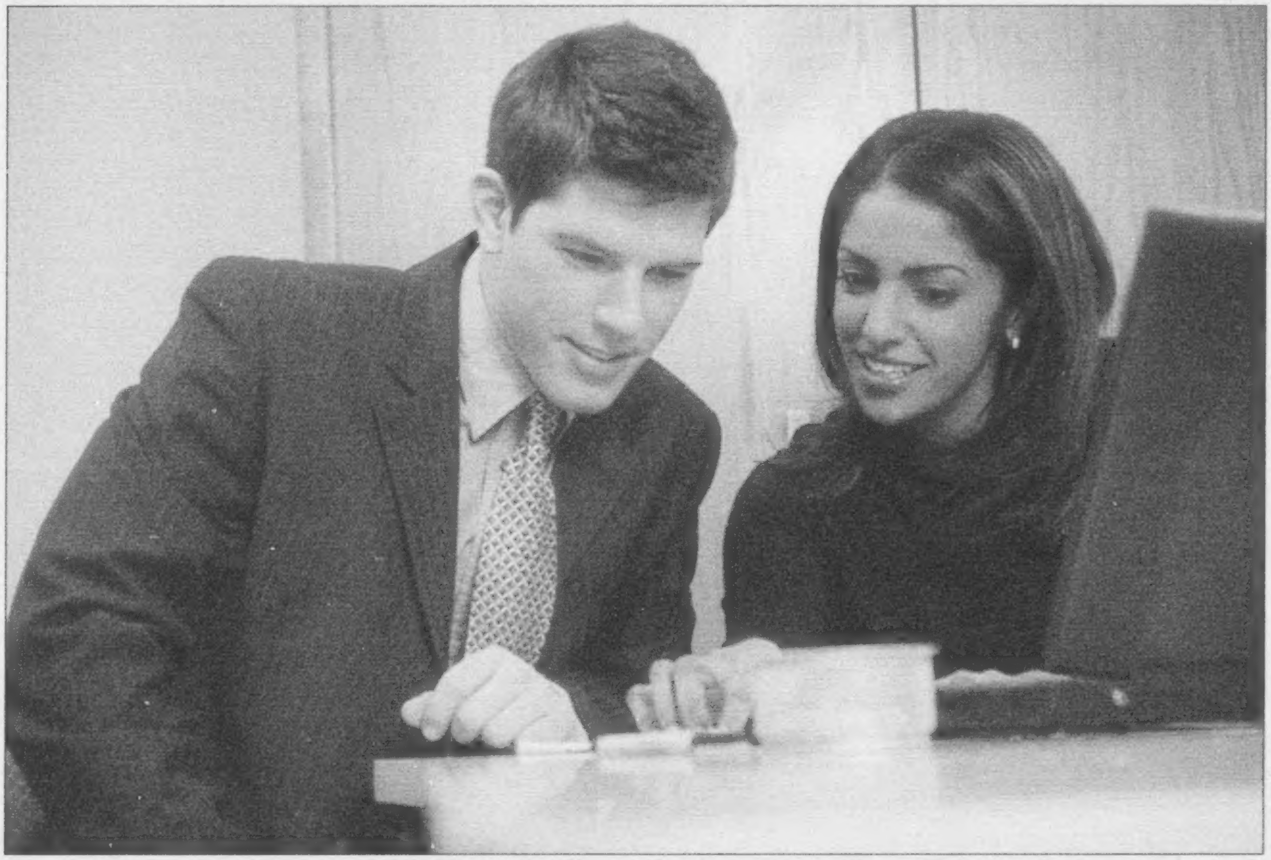
Integrity and Security

Integrity is a cornerstone of our approach to administering tax and benefits and we are deeply committed to safeguarding the trust Canadians have placed in us. We recognize that our decisions and the conduct of our employees affect the lives of Canadians and influence their perceptions of Canada's tax system. Maintaining high ethical standards of conduct is a fundamental duty of everyone in our organization. Our Integrity Framework incorporates a strong system of checks and balances to make sure our employees adhere to those high standards.

We support our employees by promoting integrity and security in all aspects of our business and at all levels within the organization, from executives to front-line staff. Our Code of Ethics and Conduct and our Conflict of Interest Policy contain clear rules and standards of behaviour to which all employees must agree and adhere as a condition of their employment. Misconduct is addressed appropriately. We have established strong internal mechanisms to detect integrity and security breaches and to take disciplinary action against them.

We strengthened integrity and security by:

- advancing several multi-year projects enhancing our IT security, to better protect taxpayer data and prevent inappropriate access.
- implementing our Blueprint 2020 action plan, which included adding specific values and ethics clauses to executive performance agreements for 2014-2015, setting the tone at the top of our organization.
- introducing an enhanced security screening assessment for people holding or applying for positions requiring a high degree of public trust.
- establishing the position of chief privacy officer to monitor and oversee the management and protection of confidential, personal, and financial information at the CRA.
- acting quickly and decisively to temporarily shut down all CRA e-services to protect Canadians from the Heartbleed security risk.

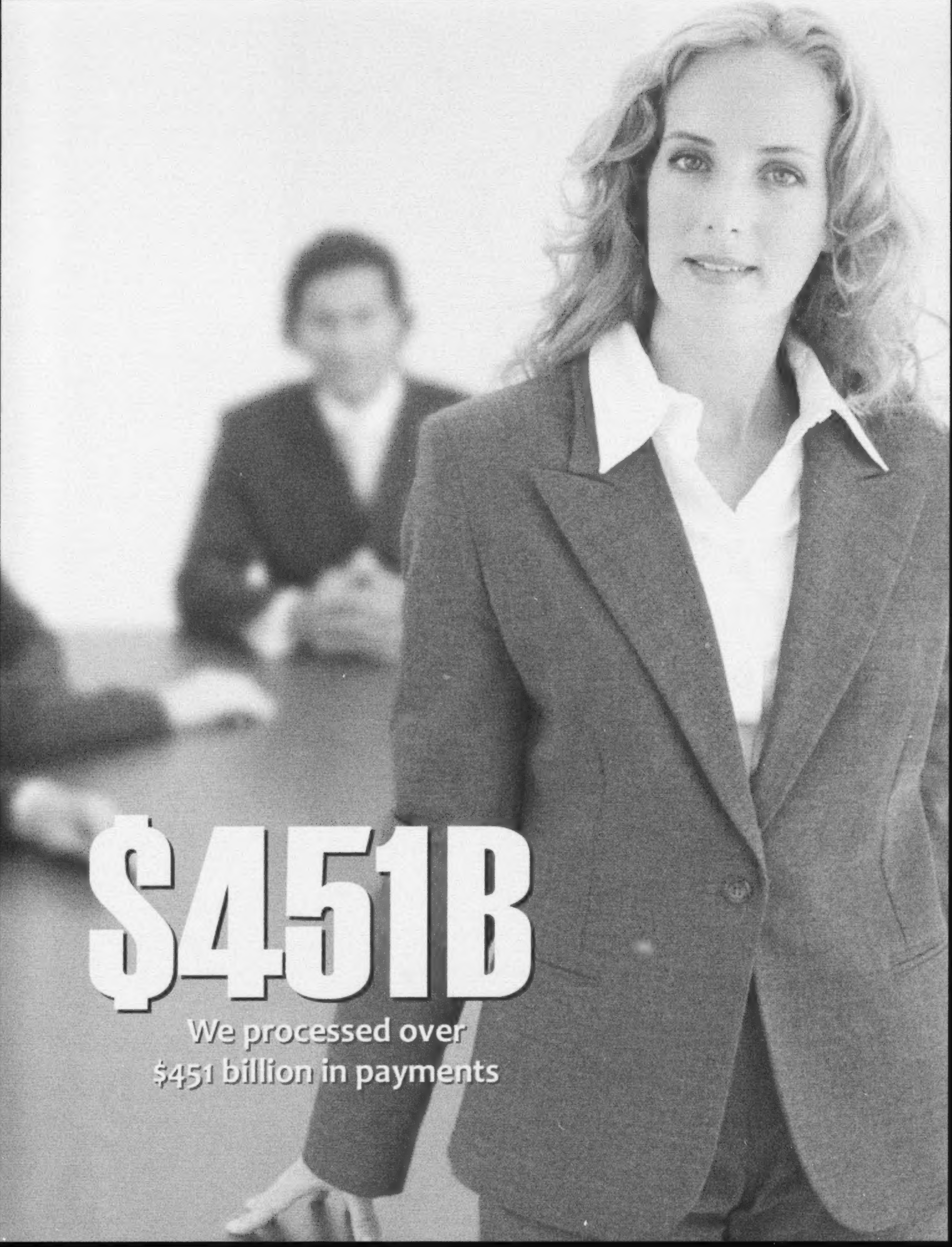


Our future directions

We are proud to offer unparalleled service and value to Canadians and government. Our future is one where:

- compliance with tax laws is widely recognized as good citizenship.
- meeting one's compliance obligations is made as simple and convenient as possible.
- most Canadians deal with their tax matters online, when and how they choose.
- staff are highly trained and have the resources to resolve most taxpayer problems and issues in real time.
- sophisticated analytics guide our service delivery strategies and help to detect and address non-compliance efficiently and effectively.

We know the work we do is essential to the social and economic well-being of Canadians. Our people are proud to work for an organization that is providing quality services and safeguarding the fairness and security of Canada's tax system. As we move forward, we will continue to improve the efficiency and effectiveness of our program delivery through service enhancements and new compliance initiatives. The CRA will always strive to provide Canadians with a world-class tax and benefits administration that is efficient, effective, and trusted.



$451B

We processed over
$451 billion in payments

Section 1: Organizational expenditure overview

Organizational profile

Minister:
The Honourable Kerry-Lynne D. Findlay, P.C., Q.C., M.P.

Deputy head:
Andrew Treusch

Ministerial portfolio:
National Revenue

Enabling instrument: *Canada Revenue Agency Act*

Year of commencement: 1999

Organizational context

Raison d'être

The Canada Revenue Agency (CRA) administers tax, benefits, and related programs, and ensures compliance on behalf of governments across Canada. Our activities provide the government revenue needed to deliver essential services to Canadians that lay the foundation for continued economic prosperity and future growth. We process hundreds of billions of dollars in taxes annually, and issue billions of dollars in benefit and credit payments.

Our mandate is to ensure that Canadians:

- pay their required share of taxes;
- receive their rightful share of entitlements; and
- are provided with an impartial and responsive review of decisions they choose to contest.

Responsibilities

The CRA has a broad range of responsibilities. In addition to the *Income Tax Act* and the *Excise Tax Act*, we administer legislation relating to the Canada Pension Plan and the Employment Insurance Program. We are responsible for enforcing legislation governing charities, collecting tobacco taxes and duties, administering registered plans, and collecting non-tax debts for the federal government.

Serving taxpayers: The CRA provides taxpayers with the accurate and timely information they need to comply with Canada's tax laws through our website, call centres, technical publications, and through our technical interpretations and rulings services. We regulate charities and monitor and administer deferred income and savings plans to ensure they meet legislative requirements. We assess and process tax returns and payments for individuals and businesses as quickly and accurately as possible, providing taxpayers with early certainty to help them manage their tax affairs with confidence.

Promoting and enforcing tax compliance: The CRA identifies, addresses, and deters non-compliance with Canada's tax laws by promoting and enforcing compliance. We promote compliance through outreach activities, targeted taxpayer assistance, and by educating taxpayers about their reporting responsibilities. We undertake domestic and international examinations, audits, and criminal investigations. We help to ensure tax debt is resolved on a timely basis and enforce compliance with tax laws for registration, filing, withholding, and payment of debt obligations.

Facilitating redress: The CRA provides a fair and impartial redress process to resolve disputes and requests for relief arising from decisions made by the CRA. If taxpayers are not satisfied with the outcome of this process, they can appeal to the courts.

Administering benefits: The CRA administers a range of ongoing benefits and one-time payment programs for the provinces and territories and the federal government, such as the Canada child tax benefit, the good and services tax/harmonized sales tax credit and the universal child care benefit. We ensure that the right benefit payment is made to the right individual at the right time and give recipients accessible information and timely responses to their enquiries.

Strategic outcomes and program alignment architecture

Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected

- Program: Taxpayer and business assistance
  - Sub-program: Taxpayer services—enquiries and information products
  - Sub-program: Policy, rulings and interpretations
  - Sub-program: Registered plans
  - Sub-program: Charities
  - Sub-program: Charities—public safety and anti-terrorism
- Program: Assessment of returns and payment processing
  - Sub-program: Individual returns and payment processing
  - Sub-program: Business returns and payment processing
- Program: Reporting compliance
  - Sub-program: International and large business
  - Sub-program: Small and medium enterprises
  - Sub-program: Criminal Investigations Program
  - Sub-program: Scientific research and experimental development
  - Sub-program: Voluntary Disclosures Program
- Accounts receivable and returns compliance
  - Sub-program: Trust accounts—compliance
  - Sub-program: Non-filer—compliance
  - Sub-program: Collections—tax and government programs
- Program: Appeals
  - Sub-program: Income and commodity tax – Objections, determinations, and appeals to the courts
  - Sub-program: Canada Pension Plan/employment insurance appeals to the minister and appeals to the courts
  - Sub-program: Service complaints
  - Sub-program: Taxpayer relief

Strategic outcome: Eligible families and individuals receive timely and accurate benefit payments

- Program: Benefit programs
  - Sub-program: Benefit enquiries
  - Sub-program: Benefit programs administration
  - Sub-program: Statutory children's special allowance payments

Internal services

Organizational priorities

Priority	Type	Strategic outcome
Red tape reduction	Ongoing	• Taxpayers meet their obligations and Canada's revenue base is protected. • Eligible families and individuals receive timely and accurate benefit payments.

Summary of progress

We held consultations with small businesses in November 2012 to help prioritize our red tape reduction measures, and more consultations will take place in the fall of 2014. Based on our first consultations, we have implemented a number of significant red tape reduction measures, such as:

- We launched the My Business Account online enquiries service which enables businesses or their representatives to email tax-related questions about their accounts to the CRA and receive answers online and in writing.
- We implemented Agent ID for the CRA's business enquiries telephone service. Agents provide an identification number to business owners when they answer a call, offering better accountability and a more consistent experience for callers. This makes it easier for business owners to give feedback on CRA services.
- We redesigned the CRA's audit webpage to make it more user-friendly. We also developed a series of audit videos that contain information about our audit process, and linked them to the audit landing page so that they are easy to find.
- We created a new red tape reduction action plan webpage to give businesses up-to-date information on red tape reduction initiatives.

Priority	Type	Strategic outcome
Services	Ongoing	• Taxpayers meet their obligations and Canada's revenue base is protected. • Eligible families and individuals receive timely and accurate benefit payments.

Summary of progress

The vast majority of Canadians voluntarily report accurately because we provide quality services that make it easier to meet tax obligations. Key service results:

- We processed over $451 billion in payments and issued almost $22 billion in benefit and credit payments.
- More than 92% of individual taxpayers filed their taxes on time without intervention from the CRA.
- 80% of individual returns were filed electronically for the 2014 filing season.
- 83% of business returns were filed electronically for 2013-2014.
- 70% of GST/HST returns for businesses were filed electronically for 2013-2014.
- 71% of payments were received electronically (including payments remitted at financial institutions) for 2013-2014.
- We answered 16.9 million tax and 5.6 million benefits calls through agents and automated services.
- We made more than 120 million payments to close to 12 million benefit recipients.
- Benefit and credit payments made by direct deposit increased to 65%, moving us closer to meeting the Government of Canada's commitment to phase out federal government cheques by April 2016.

Priority	Type	Strategic outcome
Offshore compliance	Ongoing	• Taxpayers meet their obligations and Canada's revenue base is protected

Summary of progress

In May 2013, the federal government announced new measures to strengthen the CRA's ability to ensure offshore tax compliance and combat international tax evasion and aggressive tax avoidance. Over five years the CRA will invest $30-million dollars to implement measures in the government's Economic Action Plan for 2013. During 2013-2014:

- The CRA created the Offshore Compliance Division to provide a focussed approach to the implementation of Economic Action Plan 2013 measures targeting offshore non-compliance and to deliver related program activities, including the creation of dedicated offshore compliance specialized teams in three regions across Canada.
- The CRA began administering legislative changes announced in Economic Action Plan 2013 that extended the normal reassessment period for taxpayers who fail to report income from a specified foreign property on their tax return and properly file Form T1135 *Foreign Income Verification Statement*. The measure received royal assent on December 12, 2013.
- The Offshore Tax Informant Program was launched in January 2014. Under this program, rewards are paid to individuals who provide information to the CRA about major cases of international tax non-compliance that lead to the assessment and collection of federal taxes. As of March 31, 2014, the Offshore Tax Informant Program had received 63 written submissions.
- The CRA is building a facility for banks and other financial intermediaries to electronically submit reports to the CRA on international electronic funds transfers of $10,000 or more. This link will build on existing infrastructure and no new burden will be imposed on financial intermediaries when it is introduced in January 2015.
- Canada continues to work bilaterally with tax administrations around the world. It participates in the Organisation for Economic Co-operation and Development's Working Party on Exchange of Information and Tax Compliance. It also participates in the Forum on Tax Administration's various networks such as, High Net Worth Individuals, Large Businesses Network, and Offshore Compliance to examine new trends and approaches to offshore compliance.

Priority	Type	Strategic outcome
Integrity and security	Ongoing	• Taxpayers meet their obligations and Canada's revenue base is protected. • Eligible families and individuals receive timely and accurate benefit payments.

Summary of progress

Canadian taxpayers trust us to conduct our activities with integrity, and this trust supports their willingness to voluntarily report accurately, file on time, and pay amounts due. We implemented new measures to ensure taxpayers' information continued to be managed with a high level of integrity and security.

- We updated the CRA's Integrity Framework, the Conflict of Interest Policy, and the procedures for addressing employee misconduct.
- We implemented procedures to improve audit quality and internal controls.
- We improved how we manage and monitor employee access to taxpayer information.
- We introduced a new level of security screening for people holding or applying for positions requiring a high degree of public trust.
- We took initial steps to establish an anonymous internal fraud and misuse reporting line.
- We updated internal investigation procedures.
- We met or exceeded Government of Canada standards for information technology security protocols, including cyber security protocols, based on a third-party (Gartner Group) review.

Risk analysis

Risk management supports evidence-based decision-making in the face of change and uncertainty and contributes to the effectiveness and efficiency of business operations. As such, it is a sound corporate practice and an important part of good governance. The CRA's demonstrated ability to manage enterprise risk helps to maintain the trust and confidence of taxpayers, partners, and stakeholders, contributing to the organization's effective administration of tax and benefits.

The CRA produces an annual corporate risk profile (CRP) that supports corporate decision making. The risks identified in the CRP represent future events that may or may not occur depending on the environment. The intrinsic risks the CRA faces as the federal agency mandated to administer Canada's tax and benefits system are related to non-compliance and to the processes, resources, and systems that help the CRA successfully deliver its mandate.

The two business risks to which the CRA was most exposed in 2013-2014, in order of their potential impact on the CRA were the underground economy and aggressive tax planning. By properly identifying and managing these risks, the CRA ensures that it is well positioned to achieve its plans and priorities.

Key risks

Risk	Risk response strategy	Link to program alignment architecture
Underground economy	Underground economy activity refers to any income or transaction in goods or services that is unreported or under-reported for tax purposes. The underground economy is still one of the CRA's highest risks and top priorities. The CRA uses a range of different activities to deal with underground economy. This includes education, outreach, in-house analytics, and targeted compliance actions in sectors where the underground economy is more prevalent. The CRA continues to engage with other federal organizations, provincial and territorial governments, professional organizations and key industry groups, and international partners to share best practices and identify emerging trends in the underground economy. In 2013-2014, new legislative measures were introduced, and specialized audit teams created, to address the use of electronic suppression of sales software. The CRA will continue to adapt and refresh its underground economy compliance strategy to respond to constantly evolving underground economy activity.	Program: reporting compliance

Risk	Risk response strategy	Link to program alignment architecture
Aggressive tax planning	Aggressive tax planning is a complex set of non-compliance activities and behaviour designed to avoid the payment of taxes and that threatens future economic growth. Aggressive tax planning remains one of the CRA's top priorities and risks. The strategies employed by the CRA to address unacceptable aggressive tax planning arrangements are multi-faceted, and include audits, legislative change, education, awareness campaigns and working internationally to access accurate and timely tax and financial information from offshore tax jurisdictions. This past year, the CRA implemented measures to strengthen the its ability to ensure offshore tax compliance and international tax evasion. These measures include the launch of the Offshore Tax Informant Program, and changes to Form T1135 *Foreign Income Verification Statement*. They also include the development of the administrative framework to receive reports from banks and other financial intermediaries on international electronic funds transfers of $10,000 or more.	Program: reporting compliance

Underground economy risk and aggressive tax planning risk

The underground economy and aggressive tax planning directly threaten the CRA's ability to protect the Government of Canada's revenue base and undermine the integrity and fairness of our self-assessment tax system. These risks are strongly influenced by external factors outside of the CRA's direct influence. This includes factors such as taxpayer behaviour, the state of the economy, globalization and transfer pricing, and the actions of aggressive tax planning scheme promoters in areas known to be tax havens.

Budget 2013 proposed a number of measures that would further enhance the CRA's ability to deter the underground economy and aggressive tax planning, several of which were implemented this past year as noted above. For more details, see section 2, the sub-section entitled "Reporting compliance."

Actual expenditures

2013-2014	Budgetary financial resources (dollars)		Human resources (FTEs)	
Main estimates	4,276,823,253		–	
Total authorities[1]	4,404,573,298		–	
Planned		4,270,563,205		39,371
Actual[2]		**4,062,859,356**		**38,729**
Difference (planned minus actual)		207,703,849		642

[1] The Canada Revenue Agency's total authorities increased by $134.0 million when comparing the planned spending to the total authorities available for use, an increase of 3.1%. This is mainly due to increases resulting from the carryforward of funds from 2012-2013 and severance payments, parental benefits, and vacation credits offset by reductions in the statutory authority for the disbursement of softwood lumber export charges to the provinces. For more information, see authorities approved after Main Estimates in section I of the departmental overview.

[2] The figure represents the actual spending for the CRA on a modified cash basis, based on Parliamentary appropriations used. See pages 106-107 of the Annual Report to Parliament for an explanation of how actual spending relates to results in the CRA Financial Statements – Agency Activities.

Budgetary performance summary for strategic outcomes and programs **(dollars)**

Strategic outcomes and programs	2011-2012	2012-2013	2013-2014				2014-2015	2015-2016
	Actual spending		Main Estimates	Total authorities	Planned spending[1]	Actual spending	Planned spending[1]	
Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected.								
Taxpayer and business assistance[2]	530,542,287	453,280,238	538,836,440	359,692,453	575,621,136	**350,801,699**	350,905,225	267,093,889
Assessment of returns and payment processing[3]	642,056,593	643,799,856	595,716,794	713,165,971	665,185,607	**649,108,155**	598,411,852	619,375,174
Reporting compliance	1,055,758,459	1,170,473,553	1,015,345,341	1,130,462,996	1,106,828,514	**1,084,562,230**	1,062,102,673	1,052,259,656
Account receivable and returns compliance	521,505,104	512,217,726	427,902,247	539,660,156	477,228,052	**496,787,602**	440,670,268	441,295,370
Appeals	175,063,571	192,046,153	178,609,564	215,140,992	194,984,626	**190,219,456**	194,675,861	191,002,004
Sub-total	**2,924,926,014**	**2,971,817,526**	**2,756,410,386**	**2,958,122,568**	**3,019,847,935**	**2,771,479,142**	**2,646,765,879**	**2,571,026,093**
Strategic outcome: Eligible families and individuals receive timely and correct benefit payments.								
Benefit programs[4]	369,783,357	383,719,460	382,509,653	383,633,714	392,631,508	**374,414,324**	390,442,143	391,983,010
Sub-total	**369,783,357**	**383,719,460**	**382,509,653**	**383,633,714**	**392,631,508**	**374,414,324**	**390,442,143**	**391,983,010**
Strategic outcome: Taxpayers and benefit recipients receive an independent and impartial review of their service-related complaints.								
Taxpayers' ombudsman[5]	2,730,896	2,622,557	3,098,063	3,277,156	3,314,720	**2,524,101**	3,167,366	3,169,366
Sub-total	**2,730,896**	**2,622,557**	**3,098,063**	**3,277,156**	**3,314,720**	**2,524,101**	**3,167,366**	**3,169,366**
Internal services	1,053,851,359	960,308,600	1,134,805,151	1,059,539,860	854,769,042	**914,441,789**	836,420,934	809,161,401
Sub-total	**1,053,851,359**	**960,308,600**	**1,134,805,151**	**1,059,539,860**	**854,769,042**	**914,441,789**	**836,420,934**	**809,161,401**
Total of CRA	**4,351,291,626**	**4,318,468,143**	**4,276,823,253**	**4,404,573,298**	**4,270,563,205**	**4,062,859,356**	**3,876,796,322**	**3,775,339,870**
Less: Respendable Non-Tax Revenue under section 60 of the *Canada Revenue Agency Act*	(245,459,473)	(166,976,789)	(193,779,185)	(164,015,731)	(193,779,185)	**(164,015,731)**	(179,308,529)	(177,041,732)
Plus: Cost of services received without charge	321,788,000	448,298,689	N/A	N/A	421,532,222	**430,409,136**	423,084,369	422,089,866
Net cost of the CRA	**4,427,620,153**	**4,599,790,043**	**N/A**	**N/A**	**4,498,316,242**	**4,329,252,761**	**4,120,572,162**	**4,020,388,004**

[1] Planned spending has been restated from the Canada Revenue Agency 2013-2014 Report on Plans and Priorities to distribute the real property accommodations funding (previously centralized in program 7 – internal services) to all applicable programs. Planned spending excludes severance payments, parental benefits, vacation credits and the carryforward of unused funds from2012-2013 pursuant to the Canada Revenue Agency's two-year spending authority. This funding is received during the fiscal year and is only included in actual spending.

[2] Planned spending in 2015-2016 does not yet include a forecast of disbursements to the provinces under the *Softwood Lumber Products Export Charge Act, 2006* (which amounted to $80.0 million in 2014-2015 and $283 million in 2013-2014); actual spending does include the following softwood lumber statutory disbursements: $42.3 million in 2013-2014; $136.9 million in 2012-2013; and $213.9 million in 2011-2012.

[3] Includes payments to Revenu Québec for the administration of the goods and services tax in that province (actual spending is $142.8 million in 2013-2014; $142.2 million in 2012-2013 and $141.1 million in 2011-2012).

[4] Includes statutory children's special allowance payments (actual spending is $235.4 million in 2013-2014; $238.0 million in 2012-2013; and $223.5 million in 2011-2012).

[5] Since the taxpayers' ombudsman operates at arms-length from the CRA, this department performance report does not report on the performance results of that office.

Variance analysis

Taxpayer and business assistance

The variance between planned and actual spending is mainly due to lower than expected statutory payments related to the Canada/U.S. softwood lumber agreement (planned spending was $283 million and actual spending was $42 million, resulting in a difference of $241 million). This amount was partly offset by severance payments, parental benefits, and vacation credits included in actual spending, but not reflected in planned spending at the beginning of the year, as well as changes in employee benefit plans.

Alignment of spending with the whole-of-government framework

Alignment of 2013-2014 actual spending with the whole-of-government framework[ii] (dollars)

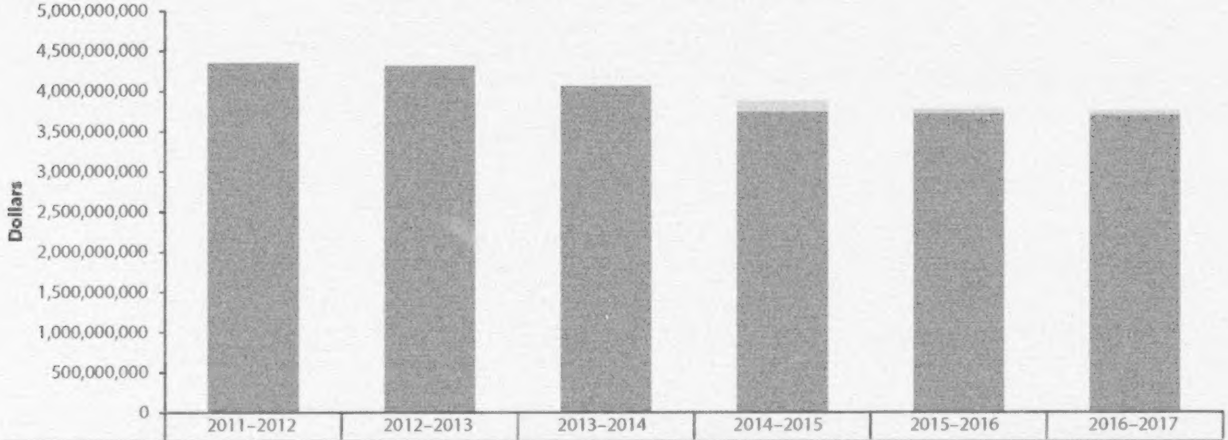
Strategic outcomes	Program	Spending area	Government of Canada outcome	2013–2014 Actual spending
Taxpayers meet their obligations and Canada's revenue base is protected.	Taxpayer and business assistance	Government affairs	A transparent, accountable, and responsive federal government	350,801,699
	Assessment of returns and payment processing	Government affairs	Well-managed and efficient government operations	649,108,155
	Reporting compliance	Government affairs	Well-managed and efficient government operations	1,084,562,230
	Accounts receivable and returns compliance	Government affairs	Well-managed and efficient government operations	496,787,602
	Appeals	Government affairs	A transparent, accountable, and responsive federal government	190,219,456
Eligible families and individuals receive timely and correct benefit payments.	Benefit programs	Economic affairs	Income security and employment for Canadians	374,414,324
Taxpayers and benefit recipients receive an independent and impartial review of their service-related complaints.	Taxpayers' ombudsman	Government affairs	A transparent, accountable, and responsive federal government	2,524,101

Total spending by spending area (dollars)

Spending area	Total planned spending	Total actual spending
Economic affairs	392,631,508	374,414,324
Social affairs	0	0
International affairs	0	0
Government affairs	3,023,162,655	2,774,003,243

CRA spending trend

Departmental spending trend graph



	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
▨ Sunset programs	0	0	0	130,396,200	55,534,010	45,000,000
■ Voted spending	4,351,291,626	4,318,468,143	4,062,859,356	3,746,400,122	3,719,805,860	3,704,052,873

Planned spending refers to those amounts for which a Treasury Board submission approval has been received no later than February 1, 2014. This cut-off date differs from the Main Estimates process. Therefore, planned spending may include amounts incremental to planned expenditure levels presented in the 2014–2015 Main Estimates.

As shown in the planned spending trend figure, the total spending includes all parliamentary appropriations (Main Estimates and Supplementary Estimates) and revenue sources. These include changes in the Canada Revenue Agency appropriation for: policy and operational initiatives arising from various federal budgets and economic statements; transfers from Public Works and Government Services Canada for accommodations and real property services; transfers to Shared Services Canada as a result of the creation of Shared Services Canada; disbursements under the Softwood Lumber Agreement; responsibilities related to the administration of corporate tax in Ontario and the harmonization of sales tax in Ontario and British Columbia; and the children's special allowance payments.

For fiscal years 2011-2012 to 2013-2014, total spending includes certain technical adjustments such as the CRA's carryforward of resources unused in the previous year and funding for maternity and severance benefits.

The CRA's spending trend over the period 2011-2012 to 2016-2017 is mainly due to:

- the implementation of initiatives to improve efficiency; and
- the fluctuation in the CRA's statutory authorities for the children's special allowance payments for eligible children in the care of agencies and institutions, the disbursements to the provinces under the *Softwood Lumber Products Export Charge Act, 2006*, the rates for the contributions to employee benefit plans, and the spending of revenues received through the conduct of operations under section 60 of the *Canada Revenue Agency Act*.

The planned spending trend figure also identifies funding in fiscal years 2014-2015 to 2016-2017 that will eventually "sunset" for the Softwood Lumber Agreement (expiring after 2015-2016) and the project to upgrade the CRA's individual income tax processing system.

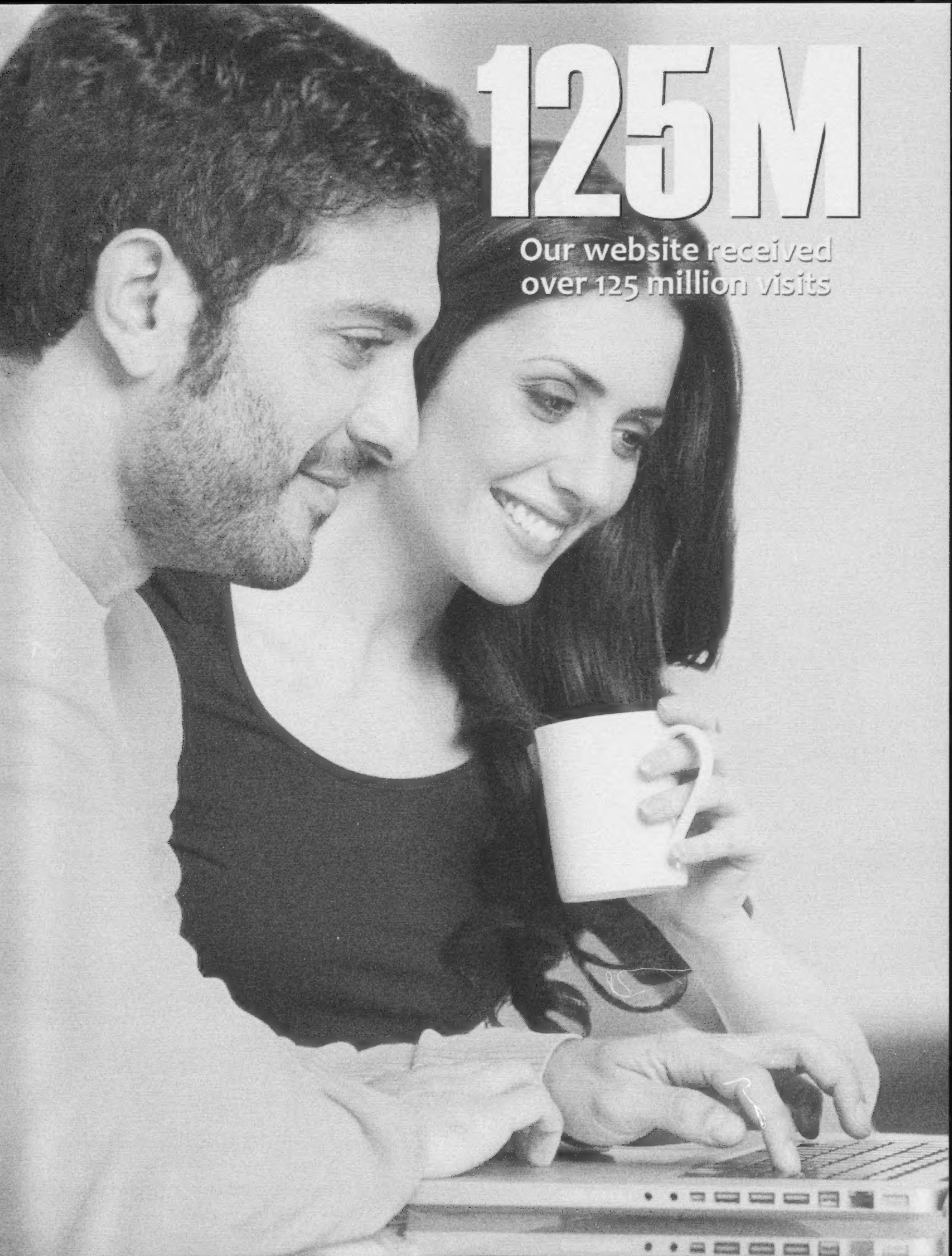
The following table details the additional authorities approved for the Canada Revenue Agency after the tabling in Parliament of Main Estimates and reconciles with the total authorities shown on page 23.

Authorities approved after Main Estimates (dollars)	
2013-2014 Main Estimates	**4,276,823,253**
Canada Pension Plan / employment insurance administration - adjustment to funding for the associated employee benefits	325,601
Transfer of funds to Shared Services Canada to adjust funding for IT infrastructure services	(6,585,649)
Planned spending (as reported in the 2013-2014 *Report on Plans and Priorities*)	4,270,563,205
Carryforward from 2012-2013	299,825,811
Severance payments, parental benefits and vacation credits	83,954,058
Funding of various collective agreements	5,909,013
Reduction in the statutory authority for the disbursement of softwood lumber export charges to the provinces	(253,000,000)
Year-end adjustments to statutory authorities:	
• increased disbursements to provinces under the *Softwood Lumber Products Export Charge Act, 2006*	12,344,675
• increased employee benefit plans costs	15,927,126
• court awards	1,156,258
• crown assets disposals	222,344
• decreased Children's Special Allowance payments	(2,596,566)
• decreased respendable revenue mainly for the provision of services to the Canada Border Services Agency and to the Province of Ontario	(29,763,455)
Other minor adjustments	30,829
Total authorities at year-end	**4,404,573,298**

Estimates by vote

For information on CRA's organizational votes and statutory expenditures, see:

Public Accounts of Canada 2014 on the Public Works and Government Services Canada website[iii].



125M

Our website received over 125 million visits

Section 2: Analysis of programs by strategic outcomes

Program: Taxpayer and business assistance

The CRA is committed to providing taxpayers with the accurate and timely information they need to comply with Canada's tax laws. Our website is organized according to taxpayer needs, providing detailed information about CRA programs and services for individuals and families, businesses, charities and giving, and representatives. Taxpayers with more complex information needs can contact our call centres, refer to our publications and videos, or consult our technical interpretations and rulings services. To further support taxpayers, we regulate charities and monitor and administer deferred income and savings plans to ensure they meet legislative requirements.

Taxpayer and business assistance	**Financial resources (in dollars)**		**Human resources (FTEs)**	
Main Estimates	538,836,440		–	
Total authorities	359,692,453		–	
Planned		575,621,136[1],[2]		4,038
Actual		**350,801,699[1,3]**		**3,976**
Difference (planned minus actual)		224,819,437[4]		62

[1] Includes Charities – Public security and anti-terrorism sub-program:
– planned spending ($4,596,590) and actual spending ($4,671,341)

[2] Planned spending has been restated from the Canada Revenue Agency 2013-2014 Report on Plans and Priorities to distribute the real property accommodations funding (previously centralized in program 7 – internal services) to all applicable programs. Planned spending excludes severance payments, parental benefits, vacation credits and the carryforward of unused funds from2012-2013 pursuant to the Canada Revenue Agency's two-year spending authority. This funding is received during the fiscal year and is only included in actual spending.

[3] The figure represents the actual spending for the CRA on a modified cash basis, based on Parliamentary appropriations used. See pages 106-107 of the Annual Report to Parliament for an explanation of how actual spending relates to results in the CRA Financial Statements – Agency Activities.

[4] Decrease primarily due to lower than planned payments related to the Canada/US softwood lumber agreement. The decrease was partially offset by increased payments associated with severance, benefits, and vacation credits.

Sub-program descriptions

Sub-program	Description
Taxpayer services – Enquiries	The program develops and maintains information services that help taxpayers to voluntarily comply with Canada's tax laws. It provides taxpayers with access to timely and accurate responses to their telephone and written tax enquiries through our website as well as other targeted services.
Taxpayer services – Information products	The program is responsible for providing tax information on the CRA's website and information products like pamphlets, brochures, and tax packages.
Policy, rulings, and interpretations	The program is responsible for the official CRA positions on the interpretation of the acts administered by the CRA. It clarifies tax issues that taxpayers, registrants, and tax intermediaries may be facing by explaining how legislation applies to specific situations and informs them on tax and Canada Pension Plan/Employment Insurance matters by issuing rulings, interpretations, technical publications, and newsletters. The program provides early certainty to taxpayers through advance, binding rulings and non-binding interpretations. The program develops legislative policy in collaboration with the Department of Finance Canada and offers specialized legislative policy and administrative services to other Canadian government organizations.
Registered plans	The program is responsible for all activities related to the provisions of the *Income Tax Act* for deferred income and savings plans. It provides information through its webpages and outreach activities, and by helping taxpayers through its telephone enquiry line and written communication services. It registers, audits, and approves contributions to these plans to ensure compliance.
Charities	The program is responsible for administering the national registration program for charities, registered Canadian amateur athletic associations, and registered national arts service organizations. The program is responsible for activities that span the full spectrum of the compliance continuum including registration, communications and outreach, processing and examination, audit and enforcement, and policy and technical guidance.
Charities – Public safety and anti-terrorism	The program protects the integrity of the registration system for charities under Canada's *Income Tax Act* by screening applications and monitoring registered charities for the risk of terrorist involvement.

Taxpayer services – Enquiries and information products

Taxpayer services		Financial resources (in dollars)	Human resources (FTEs)
Enquiries	Planned	154,418,509	2,361
	Actual	**167,965,933**	**2,412**
	Difference	(13,547,424)	(51)
Information products	Planned	8,744,872	127
	Actual	**10,929,629**	**105**
	Difference	(2,184,757)	22

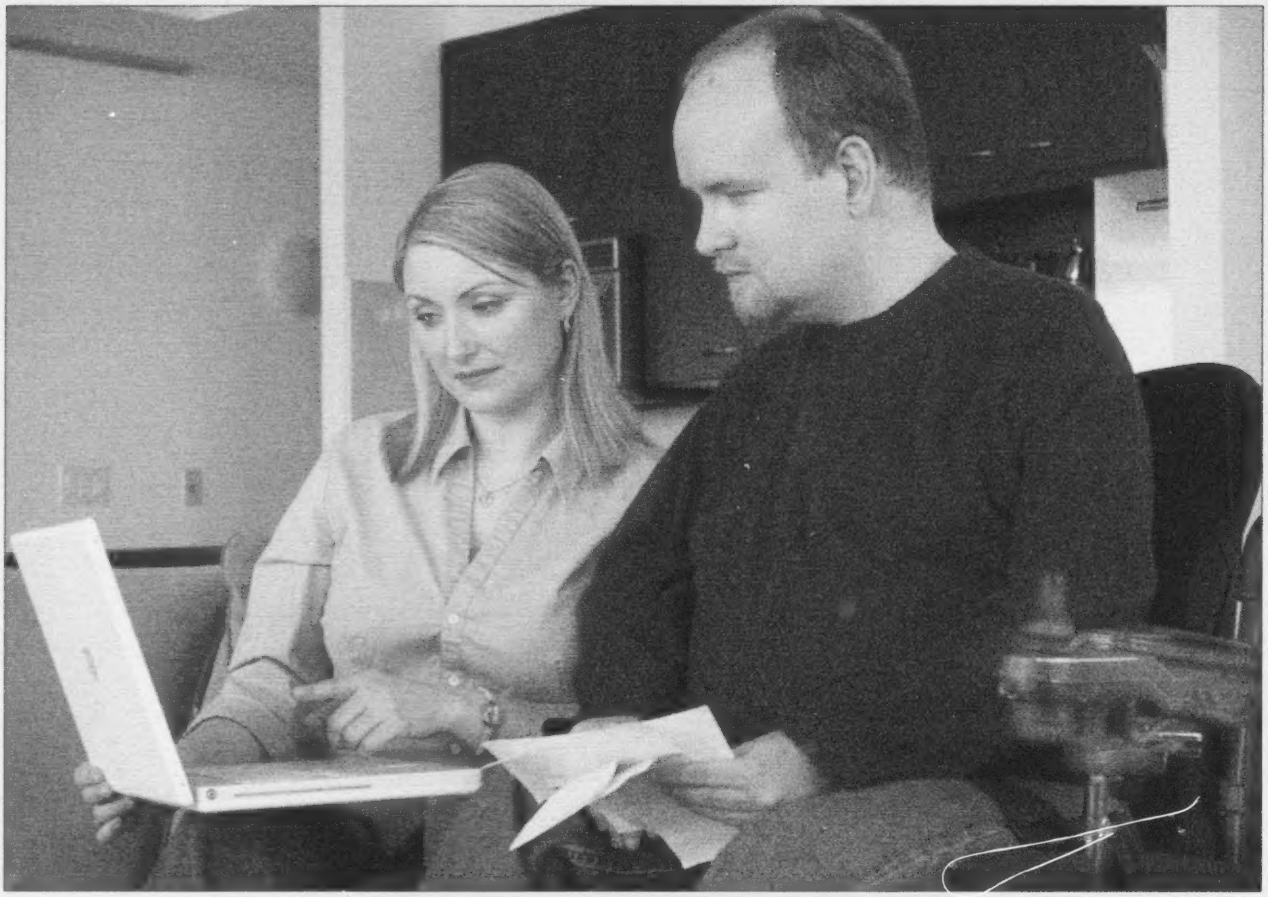
The CRA continues to adapt and strengthen its programs and services to keep pace with the evolving needs and expectations of taxpayers, and to effectively fulfill its mandate. An important aspect of taxpayer services is to proactively share information so taxpayers are aware of changes affecting them, understand their options, and continue to receive the information and support they need to meet their tax obligations.

We communicate tax information through many different channels, allowing taxpayers to choose how and where to get the information they need. Our website continues to be the mainstay of our communications efforts. In December 2013, the CRA re-launched its website, featuring a more user-friendly approach to providing information and services based on four taxpayer segments: individuals and families, businesses, intermediaries, and charities. The website is now designed to display on any device, including smartphones, tablets, or PCs. We also improved the website search function, making it easier and faster for the public to find the information they need.

22M

DID YOU KNOW?
We answered over 22 million tax and benefits calls through agents and automated services

The CRA continues to use social media to extend its communications reach in response to burgeoning demand. For example, video-based content on the Web is increasing in popularity, prompting the CRA to add informative videos about taxes and benefits to its branded YouTube channel, generating almost 40,000 views. In addition, the CRA



maintains an active Twitter presence with over 37,000 followers.

While we continue to expand our online presence, the CRA recognizes some segments of the taxpayer population want or need alternative sources of information and support. We continue to offer other options such as telephone services.

Handling Taxpayer Calls

The CRA responds to millions of calls each year and, in 2013-2014 alone, we handled 16.9 million tax calls and 5.6 million benefits calls. This year, we expanded our range of telephone services. Some examples include:

- We began accepting direct deposit registration over the telephone, which made it faster and easier for individual taxpayers to start taking advantage of direct deposit.
- We integrated our National Forms Call Centre into the national telephone network. We also introduced a new system enabling call centre agents to respond to requests for forms or publications by emailing a direct link to the required document.
- We integrated GST/HST rebate calls into the national telephone network.
- We supported the Charities program enquiries service by handling charities calls during evening hours through the national telephone network.

Outreach

Our outreach efforts continue to focus on educating and assisting taxpayers so they can meet their tax obligations and be informed about their eligibility for benefits. In 2013-2014, we expanded our audience through our work with community organizations. This increased awareness among the taxpayer segments most likely to benefit from assistance, including Aboriginal peoples, seniors, newcomers, and youth.

We used online videos and webinars to communicate up-to-date information about our programs and initiatives to taxpayers. This technology is convenient, easy to use, and allows us to reach a greater number of taxpayers, including those who live in remote locations. This year, we released a two-part student series, and the video "Newcomers to

Canada and the Canadian Tax System" was posted to YouTube. We also hosted a webinar for new small businesses during Small Business Week.

Through the Community Volunteer Income Tax Program (CVITP), the CRA arranges for volunteers to help taxpayers. The focus is on preparing returns for taxpayers with lower incomes and simple tax situations. In 2013-2014, we added to the number of organizations that provide a national endorsement of CVITP, increasing from two to six.

Key results:

- We received over 125 million visits to our website.
- Over 21 million forms and publications were downloaded.
- We issued 631 tweets in 2013-2014 that were retweeted 2,398 times.
- CRA YouTube videos posted on our website generated almost 40,000 views.
- We answered 16.9 million tax and 5.6 million benefit calls through agents and automated services.

Policy, rulings, and interpretations

Policy, rulings, and interpretations	Financial resources[1] (in dollars)	Human resources (FTEs)
Planned	80,133,209	1,045
Actual	**81,385,344**	**997**
Difference	(1,252,135)	48

[1] Excludes statutory payments related to Canada/US softwood lumber agreement – planned spending ($283,000,000) and actual spending ($42,344,675).

In February 2014, Canada and the United States signed an intergovernmental agreement with regard to the U.S. *Foreign Account Tax Compliance Act*. As a result, Canadian financial institutions are required to identify account holders that are U.S. persons, including U.S. residents and U.S. citizens. Canadian financial institutions will report this information to the CRA annually starting in 2015.

To ensure Canadian privacy laws are respected, the CRA will then exchange the information with the U.S. Internal Revenue Service through the existing provisions and safeguards of the Canada-U.S. Tax Convention. The treaty contains robust safeguards to ensure the Internal Revenue Service will treat taxpayer information confidentially, and use the information solely to administer tax laws.

During the reporting period, we developed services to help financial institutions comply with *Foreign Account Tax Compliance Act* legislation. We are now moving ahead with publishing administrative guidance, releasing a new information return, and developing appropriate exchange of information capacities to fulfill Canada's obligations under the agreement.

Improved Access to Technical Information

The CRA recognizes that taxpayers, tax professionals, and industry associations rely on us for current and accurate technical tax information to provide early certainty on tax matters, help prevent errors, and in some cases eliminate the need for new rulings.

The CRA publishes a wide range of technical documents intended to provide CRA's interpretation of income and commodity tax laws as they apply to the most significant aspects of a particular subject. These publications are not a substitute for the law, nor can they explain how every provision of the law will apply to all potential situations. Where there is a change to an interpretative position described in these technical publications, or when other important developments occur that are relevant to the contents, we update the information.

In 2013, the CRA began replacing its existing income tax interpretation bulletins with new, more user-friendly publications called income tax folios, which are prepared in consultation with the tax community. In addition to starting more than a dozen new folios throughout 2013-2014, the existing published folios were updated for numerous legislative and other changes.

Our technical publications are widely used, serving as an important resource for taxpayers, tax professionals, and industry associations across Canada, as well as for our staff. To maximize the usefulness of income tax folios, we sought feedback from external tax organizations early in their development phase. The input helped to decide which interpretation bulletins should be converted into folios first, and provided insight into what new and emerging topics would be good candidates for new publications. We also established a pilot project with the Canadian Tax Foundation and the Chartered Professional Accountants of Canada to develop draft income tax folio chapters.

In 2013-2014, the CRA sought input from key external stakeholders on draft GST/HST technical publications with significant content or policy changes, tapping into their practical experiences and industry knowledge to help minimize information gaps.

Key results:

- We completed 3,135 GST/HST rulings and interpretations.
- We provided 2,841 income tax technical interpretations.
- We provided 161 advance income tax rulings.
- We completed 46,072 CPP/EI rulings, issuing 93% within target timeframes.

Registered plans

Registered plans	Financial resources (in dollars)	Human resources (FTEs)
Planned	16,577,413	168
Actual	**17,255,285**	**161**
Difference	(677,872)	7

The CRA enforces the provisions of the *Income Tax Act* pertaining to deferred income and savings plans, by registering and monitoring the plans and by approving the deductibility of employer contributions to defined benefit pension plans. Canadians rely heavily on registered plans to help them plan and secure income for the future. In 2013-2014 we oversaw approximately $1.97 trillion in deferred income and savings plan assets.

The CRA monitors the sector to ensure integrity, confirming all plans comply with legislative requirements. We are updating our information technology systems to better use the vast amount of data associated with registered plans and to assess the associated compliance risk. As a result, the number of registered retirement savings plan (RRSP) issuers that electronically submitted contract information tripled from the previous year.

Helping with Pooled Registered Pension Plans

Pooled registered pension plans (PRPPs) are deferred income plans designed to provide retirement income for employees and self-employed individuals who do not have access to a workplace pension. PRPPs may pool the funds in the accounts of participating employees and self-employed persons (i.e., members) to achieve lower costs in relation to investment management and plan administration. The option to establish PRPPs, as well as the applicable income tax rules, came into effect in December 2012. Under Economic Action Plan 2013, the federal government announced it would work closely with the provinces to encourage implementation of PRPPs across Canada.

During 2013-2014 the CRA worked with the Office of the Superintendent of Financial Institutions to prepare and deliver a webinar designed to help the provinces introduce enabling legislation for PRPPs. The webinar has been posted on the CRA website for future reference as the provinces implement PRPPs in their jurisdictions.

$14B

DID YOU KNOW?
Over $14 billion in donation receipts were issued to Canadians in 2012

Key results:

- We reviewed 89% of the applications to register pension plans within 180 days.
- We responded to 89% of written enquiries within 60 days.
- We conducted 549 audits of registered plans.

Charities

Charities	Financial resources (in dollars)	Human resources (FTEs)
Planned	28,150,543	300
Actual	**26,249,492**	**260**
Difference	1,901,051	40

Registered charities play an integral role in communities across the country, and Canadians donate billions of dollars each year to support charities in their work. In 2012, registered charities issued over $14 billion in official donation receipts. The estimated cost of revenues foregone by the government in 2012 as a result of these charitable exemptions was $3.5 billion.

The CRA has a responsibility to safeguard the interests of taxpayers by ensuring registered charities meet their legal obligations. We review applications for charitable status, and monitor and guide organizations to ensure they qualify for or maintain charitable status, as required by the *Income Tax Act*. In addition, to help Canadians make their donations wisely, we maintain a searchable list of Canadian charities. Donors can use the list to confirm whether a charity is registered under the *Income Tax Act* and can therefore issue official donation receipts. The list also provides financial information and describes the activities of each registered charity.

In 2013-2014, the CRA continued to implement the measures announced by the Government of Canada in Budget 2012 related to charities and political activities. We developed and published new educational products to help charities understand the rules governing political activities, including a self-assessment questionnaire, a new webinar, and a series of videos. We also monitored the political activities of charities, to ensure they complied with existing rules. We reviewed the annual information returns (Form T3010), sent letters reminding charities of the rules, and performed audits. As the rules relating to political activity apply to all registered charities, the CRA's educational and compliance efforts related to political activities have extended to the charitable sector as a whole.

In June 2013, we launched a new application process for municipal or public bodies performing a function of government in Canada, and for low-cost housing corporations for the elderly, enabling the public bodies to register as qualified donees. This application process was necessary because of the changes made to the definition of a qualified donee in Budget 2011.

Budget 2014 included new measures to reduce the administrative burden on charities and encourage charitable giving. These included redesigning the CRA's Charities Assessment Registration System and the Charities Internet Display System. Once the redesign is complete, we will be able to offer new electronic services, including online filing of Form T3010, *Registered Charity Information Return* and Form T2050, *Application to Register a Charity Under the Income Tax Act*.

Key results:

- We responded to 85% of charities calls in the telephone enquiries queue within two minutes.
- We processed 83,916 registered charity information returns.
- We audited 845 charities.
- We revoked the registered status of 1,612 charities—936 voluntary revocations, 644 for delinquency, 23 for cause, and 9 for loss of corporate status.

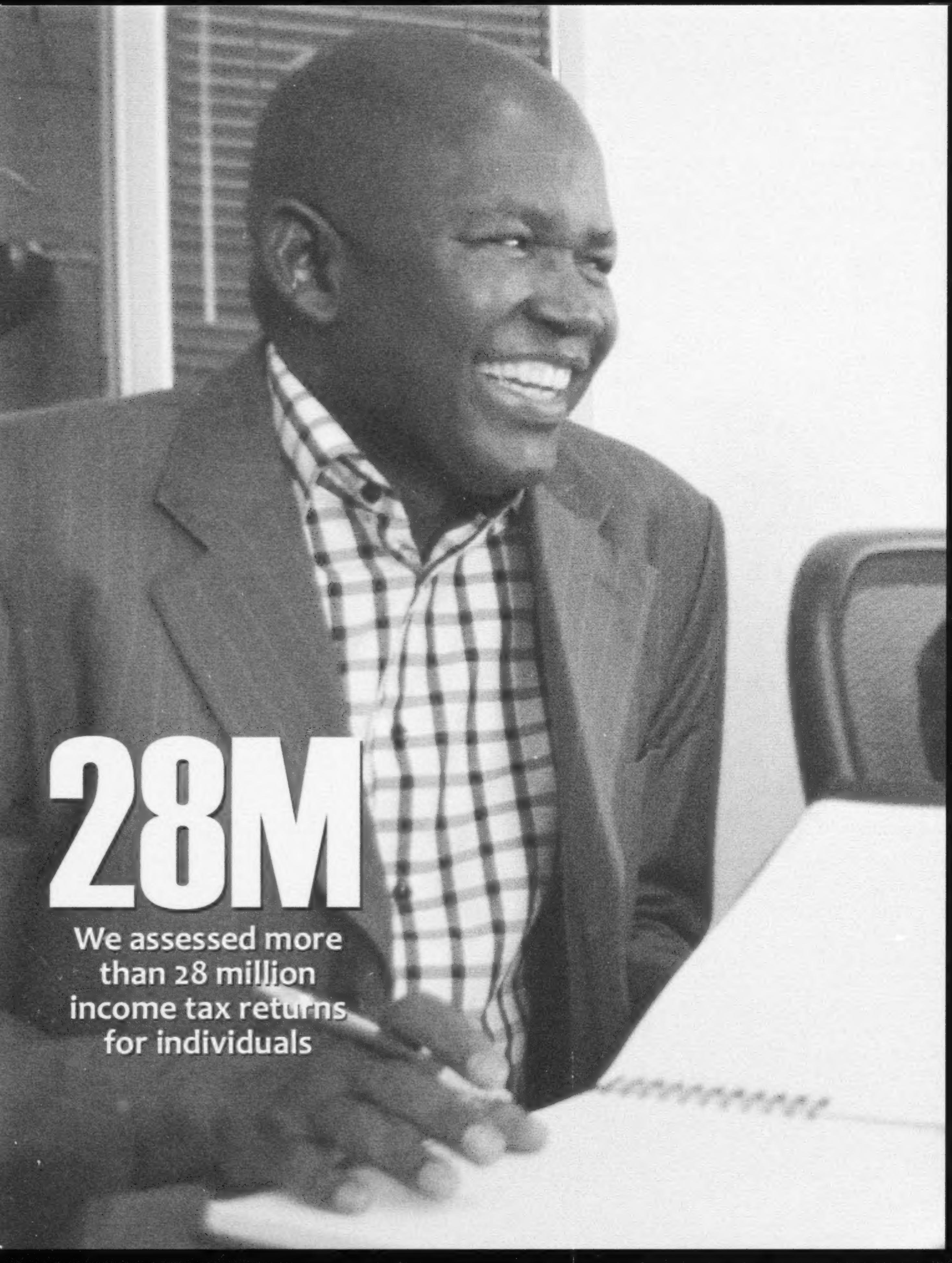
Performance results

Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected.				
Program/ sub-programs	**Expected results**	**Performance indicators**	**Targets**	**Actual results**
Taxpayer and business assistance	Taxpayers and businesses have access to the information and services they require to voluntarily comply with tax laws	Percentage of information products provided in print and on the Web site on time as per work plans to address taxpayer information needs	95%	84%
	Compliance with applicable legislation by organizations and businesses administering and/or producing registered plans, charities, and excise dutiable products is improved	Percentage of charities, registered plans and commodity audits completed, compared to planned	90%	104.3%
Taxpayer services – Enquiries and information products	Taxpayers and businesses have access to timely and accurate responses to their tax enquiries	Percentage of tax calls (individual and business enquiries) answered within two minutes of entering the agent queue	80%	80.5%
		Percentage of tax callers (individual and business) who succeed in reaching our telephone service	85%	86%
		Percentage of accurately updated internal reference materials for taxpayer services agents	100%	100%
Policy, rulings, and interpretations	Taxpayers and businesses receive timely rulings and interpretations under the *Income Tax Act*, the *Excise Tax Act*, and various other federal legislation	Advance income tax rulings issued within 90 business days	85%	75%[1]
		Technical interpretations issued within 90 business days	85%	87%
		GST/HST rulings and interpretations – respond to written requests within 45 business days (this excludes highly technical and precedent- and/or policy- setting rulings and interpretations)	80%	74%[2]
	Non-compliance with the *Excise Act* and the *Excise Act, 2001* with respect to dutiable products is detected and addressed	Percentage of planned excise regulatory reviews and excise compliance activities that are completed	90%	97.5%
Registered plans	Registered plan administrators and their agents receive timely service in response to applications	Percentage of registered plan applications reviewed within the established time frames (180 days)	85%	89%
	Non-compliance by registered plan administrators and their agents with legislation and regulations pertaining to registered plans is detected and addressed	Percentage of registered plan audits completed, compared to planned	100%	126%

Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected.				
Program/ sub-programs	**Expected results**	**Performance indicators**	**Targets**	**Actual results**
Charities	Enhanced service to registered charities and applicants for charitable status	Percentage of charities calls responded to within two minutes	80%	85%
		Percentage of charitable registration applications that are reviewed and responded to within established time frames (two months for simple applications and six months for regular applications)	80%	95%
	Compliance in the charitable sector is improved	Percentage of charities that file their annual information return on time	80%	87.5%
		Percentage of charities who are audited that are known to be participating in abusive tax shelter schemes	100%	93%

[1] Some resources diverted from providing rulings to train new technical staff and develop new initiatives (e.g., folios).

[2] Results improved (from 71% at the start of December to 74% at the end of March) when resources were reallocated and inventory management strategies were implemented.



28M

We assessed more than 28 million income tax returns for individuals

Program: Assessment of returns and payment processing

We assess and process tax returns and payments for individuals and businesses as quickly and accurately as possible, providing taxpayers with early certainty to help them manage their tax affairs with confidence. Our goal is to reduce red tape by providing comprehensive, streamlined, and timely services to individuals and businesses while securing Canada's revenue base.

Assessment of returns and payment processing	**Financial resources** (in dollars)		**Human resources** (FTEs)	
Main Estimates	595,716,794		–	
Total authorities	713,165,971		–	
Planned		665,185,607[1],[2]		6,547
Actual		**649,108,155[1,3]**		**6,488**
Difference (planned minus actual)		16,077,452		59

[1] Includes goods and services tax administration in Quebec sub-program:
– planned spending ($143,000,000) and actual spending ($142,772,214).

[2] Planned spending has been restated from the Canada Revenue Agency 2013-2014 Report on Plans and Priorities to distribute the real property accommodations funding (previously centralized in program 7 – internal services) to all applicable programs. Planned spending excludes severance payments, parental benefits, vacation credits and the carryforward of unused funds from2012-2013 pursuant to the Canada Revenue Agency's two-year spending authority. This funding is received during the fiscal year and is only included in actual spending.

[3] The figure represents the actual spending for the CRA on a modified cash basis, based on Parliamentary appropriations used. See pages 106-107 of the Annual Report to Parliament for an explanation of how actual spending relates to results in the CRA Financial Statements – Agency Activities.

Sub-program descriptions

Sub-program	Description
Individual returns and payment processing	The program ensures that individuals have the services they need to voluntarily comply with Canada's tax laws. It processes all the information filed and payments submitted by individuals. It also assesses and validates the information and advises individuals of the results of their assessment or reassessment.
Business returns and payment processing	The program ensures that businesses have the services they need to voluntarily comply with Canada's tax laws. It processes all the information filed and payments submitted by businesses. It also assesses and validates the information and advises businesses of the results of their assessment or reassessment. The program also registers businesses in Canada for a business number, maintains account status, and administers the excise programs.

Individual returns and payment processing

Individual returns and payment processing	Financial resources (in dollars)	Human resources (FTEs)
Planned	313,389,102	3,994
Actual	**309,585,473**	**3,979**
Difference	3,803,629	15

The CRA contributes significantly to the Government of Canada's "Digital Canada 150" commitment to be a leader in using digital technologies to interact with Canadians, making it simpler and quicker to access services and information online.

80%

DID YOU KNOW?
80% of returns for individuals were filed electronically

Our digital services for taxpayers improve and increase each year as we add new features and functions to make it easier for taxpayers to securely file online, receive information, and communicate with us. We know taxpayers are more likely to comply with their tax obligations voluntarily if we make it as easy as possible for them to do so, and provide a convenient and secure digital experience comparable to what they have come to expect from the private sector. At the same time, we maintain traditional paper filing, paper information resources, and call centres to support the taxpayers who prefer these methods.

14.6M

DID YOU KNOW?
14.6 million logins were made to My Account for individuals

Electronic tax filing has become the norm for most tax filers. In the 2014 tax filing season, electronic filing rates continued to rise, reaching 80%. This high e-filing rate indicates our long-term strategy of adding new online services every year is working.

REPORT CARD: The digital service experience

The vast majority of Canadians voluntarily report accurately because the CRA provides quality services that make it easier to meet tax obligations. Our digital services are an essential part of our range of service options.

Each year, we measure how many individual taxpayers, businesses, and benefit recipients have used the CRA's secure, online services as their preferred way to meet their tax obligations and receive their benefits.

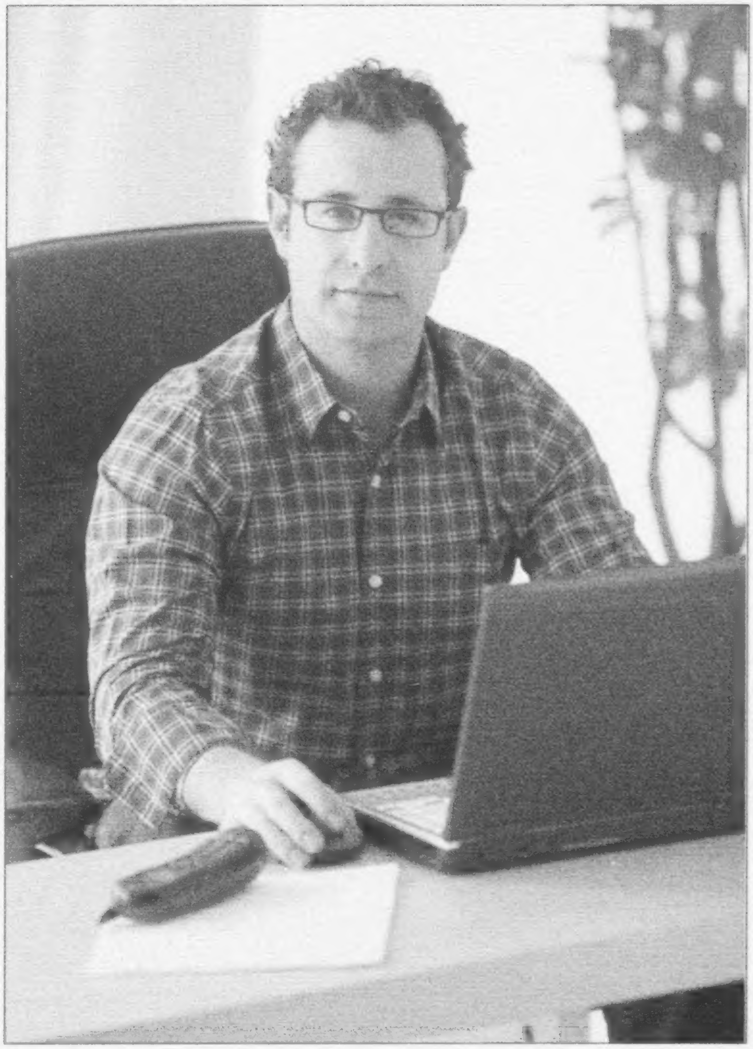
Key results:

- 80% of individual returns were filed electronically for the 2014 filing season.
- 83% of business returns were filed electronically in 2013-2014.
- 70% of GST/HST returns for businesses were filed electronically for 2013-2014.
- 71% of payments were received electronically (including payments remitted at financial institutions) for 2013-2014.

To drive these results higher, we continually improve our secure online services. New in 2013-2014:

- On request, taxpayers can submit documents electronically for validation of tax information.
- Taxpayers can pay taxes owing by pre-authorized debit.
- Taxpayers can use online calculators for RRSP deductions and contributions.
- Tax preparers can submit individual returns for both the current and preceding tax year through the EFILE automated service on behalf of taxpayers.
- Benefit recipients can view and update information on children in their care.
- Businesses can file partnership returns electronically.
- Businesses can use new notification and account management features in the online mail service.

Electronic filing rates have grown steadily over the past decade; in the 2014 tax filing season, over 21.5 million individual returns were filed using our electronic filing services, compared to 11 million a decade ago.



We are determined to ensure our e-service options keep pace with Canadians' evolving needs and expectations and now offer more than 50 online functions which are readily used by individuals. Our online services are also used heavily by representatives and tax professionals. For example, 192,845 representatives were registered for the Represent a Client service at the end of 2013-2014, an increase of 32% over last year.

We are able to process electronic returns and payments faster, and provide faster and more efficient service at a lower cost than for traditional paper options.

We are also better able to detect and reduce non-compliance by analyzing returns. Our services aim to help Canadians get it right the first time. But when mistakes happen or non-compliance occurs, we can detect, prevent, or correct them by verifying claims for errors, reviewing high-risk claims, and matching the information in filed returns to third-party data. These are some of the compliance acitivities we use to protect tax revenue.

50

DID YOU KNOW?

We offer more than 50 online functions for individuals

Improvements to online filing for the 2014 tax season:

- Tax preparers can submit returns for both the current and preceding tax year through the EFILE automated service on behalf of individuals.
- Newcomers to Canada can file online.
- Taxpayers and their representative can send additional supporting documents through **My Account** when requested by the CRA.

In a 2013 audit of government online service delivery, the Auditor General of Canada noted that the CRA initiative to enhance secure online services planned to:

- enhance capacity for users to conduct end-to-end transactions
- add the ability to conduct more taxpayer services online (such as filing, payments, submitting documents)
- improve user satisfaction

REPORT CARD: Reducing red tape for small business

The CRA is committed to supporting small businesses by reducing red tape and making it easier for them to access services and fulfill their tax obligations. We held consultations with small businesses in November 2012 to help prioritize our reducing red tape measures, and extensive follow-up consultations will begin in the fall of 2014. Based on our extensive initial consultations with small businesses and tax representatives across Canada, we have implemented a number of significant measures, including the following:

- We launched the **My Business Account** online enquiries service which enables businesses or their representatives to email tax-related questions about their accounts to the CRA and receive answers online and in writing.
- We implemented Agent ID for the CRA's business enquiries telephone service. Agents provide an identification number to business owners when they answer a call, offering better accountability and a more consistent experience for callers. This makes it easier for business owners to give feedback on CRA services.
- We re-designed the CRA's audit webpage to make it more user-friendly. We also developed a series of audit videos that contain important information about our audit process, and linked them to the audit landing page so that they are easy to find.
- We created a new red tape reduction action plan webpage to give businesses up-to-date information on red tape reduction initiatives and make it easier for taxpayers and small businesses to identify their difficulties. Extensive consultations to get small business input are planned in 2014.

For more information on how the CRA is reducing red tape for businesses, go to www.cra.gc.ca/redtapereduction[iv].

- Taxpayers can authorize the CRA to withdraw a predetermined amount directly from their bank account through **My Account.**
- T1 NETFILE filing process features direct links to e-payment options for every NETFILE return.
- Taxpayers can change up to 10 years of prior returns in **My Account.**

Key results:

- We assessed 28.8 million income tax returns for individuals.
- 14.6 million logins were made to **My Account** for individuals.
- Over 660,000 individuals newly enrolled in **My Account.**
- Representatives accessed over 7.7 million individual accounts through Represent a Client.
- We identified $1.5 billion in additional taxes owing by verifying claims for errors, reviewing high-risk claims, and matching the information in filed returns to third-party data.
- 298,930 individuals' returns were reviewed and taxpayers received beneficial adjustments to their tax returns with a total dollar value of $103.5 million.

Business returns and payment processing

Business returns and payment processing	Financial resources (in dollars)	Human resources (FTEs)
Planned	208,796,505	2,553
Actual	**196,750,468**	**2,509**
Difference	12,046,037	44

Online filing increased from 2012-2013: there was a 31% increase in the online filing of T5 information returns and a 13% increase in the online filing of T2 corporate tax returns.

We continued to enhance our online services and implement new ones to make compliance easier for businesses. For example:

- Business owners can receive online mail in the secure **My Business Account** portal and receive notification by email when new correspondence is available in their account.

- Employers and their representatives are able to view the PD7A Statement of Account for current source deductions online, and it is also available for e-delivery.
- GST/HST returns and certain elections and rebates can now be filed online.
- Partnership information returns can now be filed online.

We continue to work on enhancements to our online process for registering for a business number (BN), the numbering system that lets businesses deal with multiple levels of government based on one business, one number. The number of provincial, territorial, and municipal partners using the BN continues to grow.

3.4M

DID YOU KNOW?

Over 3.4 million businesses were registered for the GST/HST

More businesses are using our electronic services as we make it easier for them to access information and manage various accounts including GST/HST, payroll, corporation income tax, excise tax, and excise duties.

Going the extra distance to serve small and medium size businesses

We noticed recurring errors on T2 returns during the 2013 tax season so we approached tax representatives who work on T2 returns and showed them how to avoid the errors.

We then worked with tax software manufacturers to change explanations within the software and help users avoid the errors. This action will save time and resources for tax preparers, corporations, and the CRA.

Key results:

- Over 4 million logins were made to **My Business Account**.
- Over 114,000 business owners enrolled in **My Business Account**. This brings the total number of businesses to 1.9 million, an increase of 26%.

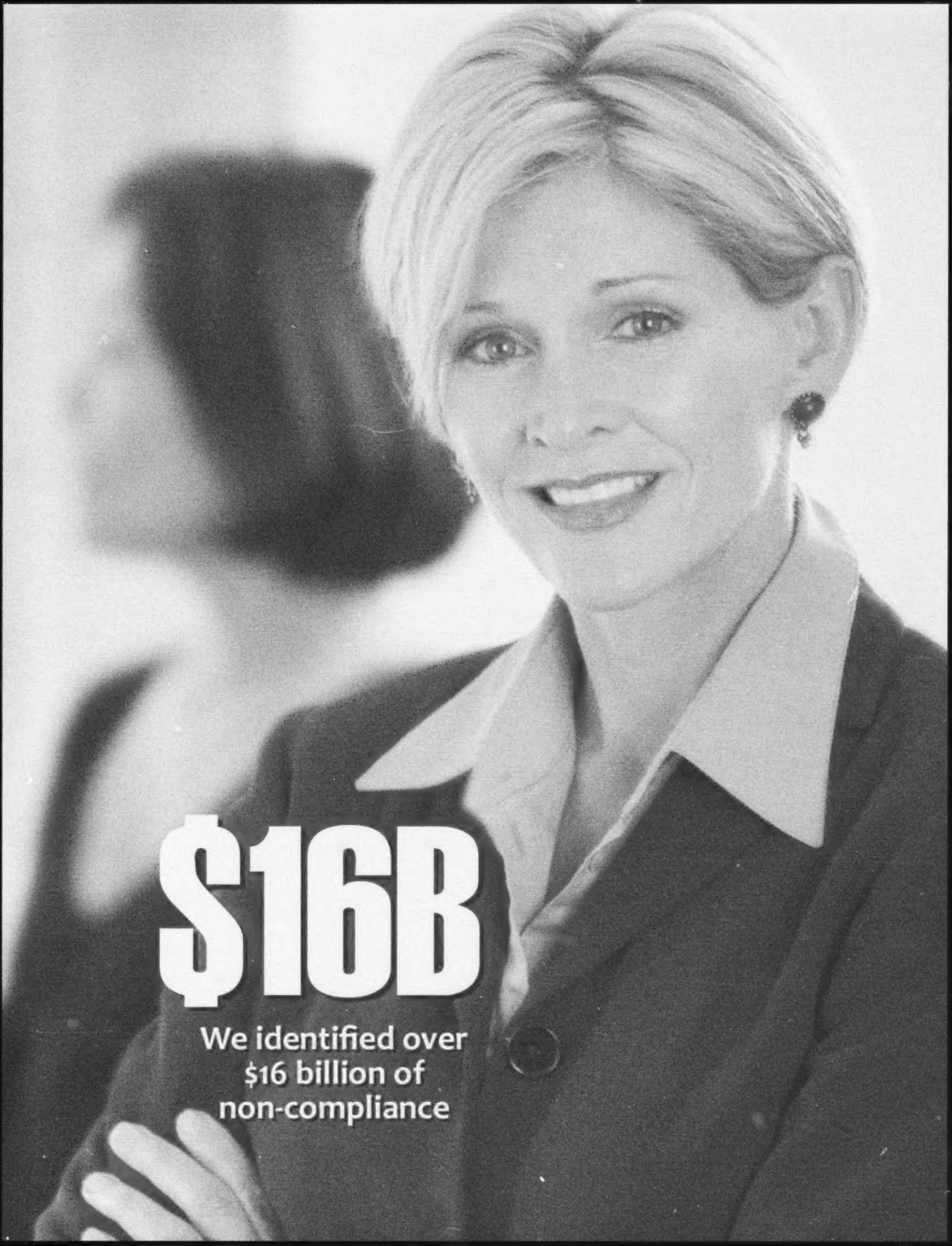
- Representatives accessed over 3.9 million business accounts through Represent a Client.
- We responded to over 6,400 enquiries online.
- 83% of corporation income tax returns were filed online.
- 70% of GST/HST returns were filed online
- We identified more than $60 million in additional taxes owing on corporation income tax returns.
- We identified close to $133 million in additional losses through a review of corporate loss carryforwards from prior years, which can be converted into a present-value tax adjustment of more than $19 million.

Performance results

Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected.				
Program/ sub-programs	**Expected results**	**Performance indicators**	**Targets/ threshold**	**Actual results**
Assessment of Returns and Payment Processing	Individuals, businesses and registrants are provided timely and accurate tax assessment notices and tax payment processing	Percentage of service standards targets that are met or mostly met relating to timeliness of processing for individual, business and GST/HST returns	100%	100%
Individual returns and payment processing	Individual taxfilers receive timely and accurate assessment notices	Percentage of service standard targets that are met or mostly met relating to T1 individual and T3 trust return activities • Processing T1 individual income tax returns (electronic) within an average of two weeks of receipt (target: 100%) • Processing T1 individual income tax returns (paper) within an average of four to six weeks (target: 100%) • Responding to taxpayer-requested adjustments (T1) within an average of two weeks (electronic) (target: 100%) • Responding to taxpayer-requested adjustments (T1) within an average of eight weeks (paper) (target: 100%) • Processing T3 trust returns within four months (target: 95%)	100%	100%
		Percentage of individual (T1) returns processed accurately	98%	99.2%
		Percentage of individual (T1) returns received on time processed by mid-June	98%	99.8%
	Individuals file electronically	Individual (T1) electronic filing rates[1]	80%	80%
	Validation activities detect and address non-compliance by individuals with the reporting requirements of the acts	Percentage of planned validation reviews of individual returns (T1) completed	100%	101%
		Ratio of average dollar value assessed for targeted vs. random reviews	Minimum ratio of 2:1	2.77:1

Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected.				
Program/ sub-programs	**Expected results**	**Performance indicators**	**Targets/ threshold**	**Actual results**
Business returns and payment processing	Business taxfilers receive timely and accurate assessment notices and payment processing	Percentage of service standard targets that are met or mostly met relating to business taxfiler (T2, GST/HST, excise and other levies) activities • Processing T2 corporation income tax returns (electronic) within 45 calendar days (target: 90%) • Processing T2 corporation income tax returns (paper) within 90 calendar days (target: 90%) • Processing GST/HST returns within 30 calendar days of receipt (target: 95%) • Processing excise tax, excise duty, softwood lumber, and air traveller's security charge returns within 60 calendar days of receipt (target: 95%)	100%	100%
		Percentage of T2 returns processed accurately	98%	98.5%
	Payments to the Receiver General are processed on time	Percentage of payments to the Receiver General that are deposited within 24 hours of receipt	96%	98.9%

[1] The values are based on data for the 2014 tax filing season from February to August 2014.



$16B

We identified over
$16 billion of
non-compliance

Program: Reporting compliance

The CRA's compliance activities protect the integrity of our self-assessment tax system by identifying, addressing, and deterring non-compliance with Canada's tax laws. Our compliance measures escalate from promoting compliance to enforcing it. We promote compliance by increasing taxpayers' understanding of their tax obligations through outreach activities and targeted taxpayer assistance, and by educating taxpayers about their reporting responsibilities. We also undertake examinations, audits, and criminal investigations at the domestic and international level to ensure taxpayers comply with Canada's tax laws.

Reporting compliance	**Financial resources** (in dollars)		**Human resources** (FTEs)	
Main Estimates	1,015,345,341		–	
Total authorities	1,130,462,996		–	
Planned		1,106,828,514[1,2]		10,360
Actual		**1,084,562,230[1,3]**		**9,761**
Difference (planned minus actual)		22,266,284		599

[1] Includes audit professional services sub-program (the activities of this sub-program ceased during 2013-2014):
– planned spending ($60,735,173) and actual spending ($64,147,383)

[2] Planned spending has been restated from the Canada Revenue Agency 2013-2014 Report on Plans and Priorities to distribute the real property accommodations funding (previously centralized in program 7 – internal services) to all applicable programs. Planned spending excludes severance payments, parental benefits, vacation credits and the carryforward of unused funds from2012-2013 pursuant to the Canada Revenue Agency's two-year spending authority. This funding is received during the fiscal year and is only included in actual spending.

[3] The figure represents the actual spending for the CRA on a modified cash basis, based on Parliamentary appropriations used. See pages 106-107 of the Annual Report to Parliament for an explanation of how actual spending relates to results in the CRA Financial Statements – Agency Activities.

Sub-program descriptions

Sub-program	Description
International and large business	The program helps to ensure that Canada receives its share of taxes from international and large corporations with complex financial transactions. It enforces compliance with Canada's tax legislation by encouraging, supporting, and verifying compliance by large corporate taxfilers. This is achieved through taxpayer consultations, education, legislative reviews, and enforcement measures.
Small and medium enterprises	The program enforces compliance with Canada's tax legislation by small and medium businesses and non-resident taxpayers. It supports compliance through taxpayer consultations, education, and partnerships with stakeholders. The program uses risk management principles to apply a balanced approach to audit enforcement activities. These activities include associated client assistance, service, and quality audits.

Sub-program	Description
Scientific research and experimental development	The program provides tax assistance and investment tax credits to Canadian businesses as an incentive to do qualifying industrial research and development activities and film or video production activities in Canada. The program ensures that all claims are in accordance with the legislative requirements, tax laws, policies and procedures. It also ensures that applicants are given the information and timely services they need to access investment tax credits, and that the tax credits or cash refunds are delivered in a timely, consistent, and predictable way.
Criminal investigations	The program enforces the acts administered by the CRA by detecting and addressing tax evasion and fraud. It conducts investigations into suspected significant cases of fraudulent non-compliance and will recommend such cases for prosecution. To enhance public awareness and encourage voluntary compliance, the program also publicizes the results of court convictions.
Voluntary disclosures	The program supports compliance with Canada's tax legislation by fostering and processing voluntary disclosures by non-compliant taxpayers or their representatives who want to come forward and correct inaccurate or incomplete information.

International and large business

International and large business	Financial resources (in dollars)	Human resources (FTEs)
Planned	323,959,239	2,484
Actual	**301,865,840**	**2,327**
Difference	22,093,399[1]	157

[1] Decrease primarily due to program and overhead savings as well as payments associated with severance, benefit and vacation credits.

The CRA is responsible for ensuring the reporting compliance of Canada's largest and most complex business entities through a variety of means including strategically directed audit measures, ongoing legislative reviews and research to identify tax loopholes and mitigate emerging non-compliance risks, and targeted outreach and education.

We are moving forward with our business transformation agenda. This includes refining our risk-assessment models and processes to more effectively target the highest-risk taxpayers within the large business population. We continue to implement new ways of supporting voluntary compliance by increasing transparency and strengthening mutual trust and cooperation with Canada's largest business entities. The CRA's approach to large business compliance takes into account the taxpayer's and tax intermediary's compliance risks and promotes responsible corporate tax management behaviour. This approach divides large businesses into three broad compliance risk segments: high, medium, and low. When dealing with large businesses, the CRA conducts open and transparent discussions on the CRA's determination of their compliance risk and behaviour. Businesses considered to be the highest risk are subject to a full compliance audit. Taxpayers in the medium risk category may be subject to a full compliance or limited scope audit, and taxpayers who are at low risk are subject to periodic compliance assurance reviews. The approach to large business compliance strategy allows the CRA to focus its audit resources on the highest-risk cases of non-compliance within the large business population, and reduce the compliance burden for businesses at low risk.

In recent years, offshore non-compliance has become a large concern for many industrialized countries. In response to this increasing risk, Canada's Economic Action Plan 2013 introduced a number of measures to help strengthen the CRA's ability to address offshore non-compliance. To administer these new measures and better coordinate the CRA's offshore compliance activities, specialized teams have been created in the Victoria, London, and Quebec City tax services offices. In addition, another specialized team in the London tax services office has been established to conduct research to identify offshore compliance risks, improve how files are selected for audit, and foster links with other CRA programs to share intelligence efficiently.

$8.4B

DID YOU KNOW?

From April 2009 to March 2014, our aggressive tax planning audit activities identified $8.4 billion in fiscal impact[1]

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1. Fiscal impact consists of tax assessed, tax refunds reduced, interest and penalties, and present value of future federal tax assessable arising from compliance actions. It excludes the impact of appeals reversals and uncollectable amounts.

REPORT CARD: **Offshore compliance**

In May 2013, the federal government announced new measures to strengthen the CRA's offshore tax compliance capacity and combat international tax evasion and aggressive tax avoidance. Over five years, the CRA will invest $30 million to implement measures in the government's Economic Action Plan for 2013.

During 2013-2014:

- The CRA created the Offshore Compliance Division to provide a focused approach to implementing the Economic Action Plan measures targeting offshore non-compliance and to deliver related program activities, including creating dedicated offshore compliance specialized teams in three regions across Canada.
- The CRA began administering legislative changes announced in Economic Action Plan 2013 that extended the normal reassessment period for taxpayers who fail to report income from a specified foreign property on their tax return and properly file the Foreign Income Verification Statement (Form T1135). The measure received Royal Assent on December 12, 2013.
- The Offshore Tax Informant Program was launched in January 2014. Under this program, rewards are paid to individuals who provide information to the CRA about major cases of international tax non-compliance that lead to the assessment and collection of additional federal taxes. As of March 31, 2014, the program has received 63 written submissions.
- The CRA is building a facility for banks and other financial intermediaries to electronically submit reports to the CRA on international electronic funds transfers of $10,000 or more. This link will build on existing infrastructure and no new burden will be imposed on financial intermediaries when it is introduced in January 2015.
- Canada continues to work with tax administrations around the world, bilaterally and participating in the Organisation for Economic Co-operation and Development's Working Party on Exchange of Information and Tax Compliance and the Forum on Tax Administration's various networks such as High Net Worth Individuals, Large Businesses, and Offshore Compliance to examine new trends and approaches to offshore compliance.

In 2013-2014:

- We continued to improve our risk-assessment capacity. This included work on automating of the risk assessment of taxpayers in the large-business taxpayer segment.
- We strengthened our quality assurance program for large files, the Continuous Program Integrity Review, by adopting improved audit control measures and business analysis.
- Regional and local offices worked hard to assess all outstanding legacy files and close low-risk files where appropriate. By closing these files we are achieving greater audit currency and significantly increasing our capacity to focus existing audit resources on higher-risk cases.

Aggressive Tax Planning

Many taxpayers, including individuals, corporations, and trusts, use tax planning to structure their tax affairs and reduce their amount of tax owing. Registered retirement savings plans and tax-free savings accounts are two examples of legal, beneficial ways ordinary Canadians can reduce their taxes owing. However, taxpayers are not allowed to engage in aggressive tax planning arrangements deliberately designed to circumvent the object and spirit of tax laws.

Aggressive tax planning or abusive tax avoidance occurs when a person undertakes transactions contravening specific anti-avoidance provisions of the law. This includes situations where a taxpayer reduces or eliminates tax through a transaction or a series of transactions that may comply with the letter of the law but violate its spirit and intent.

Aggressive tax planning is a global problem threatening to undermine the ability of nations to generate tax revenues they need to advance and prosper. The strategies the CRA uses to identify and address these unacceptable arrangements are multi-faceted and include audits, legislative change, education, awareness campaigns, and working internationally to support efforts to promote greater international cooperation and increase our ability to access accurate and timely tax and financial information from offshore tax jurisdictions.

Over the past several years, the CRA has been working hard to create an expansive network of treaties and tax information exchange agreements. As of March 31, 2014, Canada was party to 92 tax treaties and 19 tax information exchange agreements. In November 2013, Canada ratified the Convention on Mutual Administrative Assistance in Tax Matters. This convention provides for the exchange of information between parties to the convention. By expanding information sharing and international cooperation, the CRA is significantly improving its ability to identify, address and stop aggressive international tax avoidance and evasion.

The CRA also plays a leading role in many international forums actively working to address International non-compliance, such as the Organisation for Economic Co-operation and Development (OECD), and the Forum on Tax Administration.

Recognition from the Auditor General of Canada

As noted in the Spring 2014 Report of the Auditor General of Canada, the CRA now has the tools to detect, correct, and deter the non-compliance of taxpayers using aggressive tax plans. In addition, the Auditor General's Fall 2013 Report on Offshore Banking concluded the CRA had done a good job of following up on the information it received about offshore accounts in the Liechtenstein list case and had made progress in using the intelligence gathered during this case to improve its processes for identifying other taxpayers who may have unreported offshore income.

In February 2013, the OECD launched a project on base erosion and profit shifting. This project addresses the international tax planning strategies that multinational enterprises use to inappropriately minimize their taxes, by shifting corporate profits away from the jurisdictions where the economic activity has taken place. The leaders of the G8 and the G20 have endorsed the work of the project, and recommendations are being developed to respond to the concerns raised in the action plan, released by the OECD in July 2013. The CRA is an active participant in this process and

General Anti-Avoidance Rule

The General Anti-Avoidance Rule (GAAR) came into existence as part of a package of tax reforms that received Royal Assent in December 1990. GAAR provides the CRA with a legislative mechanism to effectively draw a line between legitimate tax minimization and abusive tax avoidance. The purpose of the GAAR is to reject the tax benefits of certain arrangements that might comply with a literal interpretation of the legislation but are not in accordance with the object, spirit, or intent of the *Income Tax Act* and *Excise Tax Act*. In such cases, the GAAR may be invoked by the minister.

The GAAR is not intended to introduce uncertainty in tax planning; its sole purpose is to deal with situations where unique aggressive tax planning schemes are not caught by the existing net of targeted rules. The GAAR helps to ensure the acts administered by the CRA are applied consistently.

As of March 2014, 1,203 cases had been referred to the General Anti Avoidance Rule committee since its inception. Many of the issues originally dealt with by the GAAR committee have been clarified and resolved by way of subsequent legislative amendments.

is making a significant contribution to moving forward with the action plan on base erosion and profit shifting.

The CRA continues to work closely with the Department of Finance and the Department of Justice to develop the legislative tools needed to challenge aggressive tax planning schemes and protect the integrity of Canada's tax system. In recent years the Government has introduced dozens of important measures to close tax loopholes and address international aggressive tax avoidance.

Budget 2014 recently announced several new legislative measures to close known aggressive tax planning loopholes. These included measures to:

- prevent avoidance of Canadian tax on income associated with the insurance of risk through insurance swap arrangements;
- ensure offshore regulated bank provisions cannot be used to circumvent the foreign accrual property income rules through foreign affiliates that are not part of a Canadian financial institution group; and
- ensure non-residents cannot avoid Canadian withholding tax by entering into loan arrangements with third-party financial intermediaries.

Successfully addressing aggressive tax planning requires an ongoing commitment and an effective long-term strategy. For example, over the past several years we have witnessed a sharp decrease in the number of taxpayers participating in gifting tax shelter schemes. Part of the reason for this decline has been the CRA's long-term strategy of focusing audit efforts on taxpayers engaging in these tax shelter schemes. In recent years, participation in these schemes has declined dramatically from 48,000 participants in 2006 to just over 2,500 in 2013.

Key results:

- We completed the review of 19,463 international and large business files.
- We completed the review of 15,823 aggressive tax planning files.
- Our international and large business audit activities identified over $6.1 billion in fiscal impact.[1,2]
- We conducted 35 third party penalty audits which resulted in $65.7 million in penalties being imposed upon third-parties (e.g., promoters and tax preparers).

Small and medium enterprises

Small and medium enterprises	Financial resources (in dollars)	Human resources (FTEs)
Planned	565,576,843	5,910
Actual	**582,301,781**	**5,858**
Difference	(16,724,938)	52

The small and medium business population is large, diverse, and critically important to Canada's continued economic well-being. Small businesses are important engines of economic growth and innovation in the Canadian economy. According to Industry Canada, between 2002 and 2012, 77.7% of all private-sector jobs in Canada were created by businesses with less than 100 employees. Small and medium-sized businesses vary greatly in size and sophistication and range from one-person operations to businesses with dozens or even hundreds of employees. Within the small and medium business population, many businesses operate in sectors of the economy characterized by frequent cash transactions, such as the hospitality and construction industries. As a result, there are often tempting opportunities to engage in underground economy activities.

70%

DID YOU KNOW?

Approximately 70% of small and medium enterprises use tax preparers to file their taxes

In addition, the relative survival rate of small businesses is low, and thousands of these entities enter and exit the taxpayer population each year. As a result of the dynamic and complex nature of Canada's small and medium enterprise taxpayer population, ensuring they comply is a significant challenge for our tax administration.

An important tool used by the CRA to ensure the reporting compliance of businesses is the audit, but we also consult, educate, and collaborate with stakeholders. In addition, recent advancements in business analytics are allowing us to increasingly use targeted and proactive non-audit interventions, such as tailored client assistance, to support and positively influence the compliance behaviour of

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[2] $409 million dollars of fiscal impact was refunded during 2013-2014 through the resolution of double taxation issues with Canada's treaty partner countries. This amount had been included in our program results for prior years.

taxpayers who represent a low to medium risk of non-compliance.

In 2013-2014, the CRA took several steps to transform and modernize its approach to business reporting compliance. We are investing in proactive approaches that support voluntary compliance up-front in an effort to reduce the need for more costly audit interventions later. On January 17, 2014, the Minister of National Revenue, the Honourable Kerry-Lynne D. Findlay, announced a three-point plan to improve reporting compliance and provide greater support to Canada's small and medium business community.

Three-point plan to support small and medium-sized business compliance:

- The **Liaison Officer Initiative** (LOI) is designed to provide information and in-person support to small businesses at key points as their businesses grow. This initiative helps small businesses to navigate the tax system and get it "right from the start." Early in 2014, LOI pilot projects were launched in the Ontario and Quebec regions.
- A proposal for a **Registration of Tax Preparers Program** (RTPP). Under the proposed RTPP, tax preparers who prepare individual and corporate tax returns for a fee would be required to register with the CRA. The RTPP would then allow the CRA to work with these tax preparers to help identify issues of concern and prevent reporting errors before returns are filed. Public consultations on this program began in February 2014. The results of these consultations will guide the next steps for this proposal.
- The final element of this three point plan will see the use of advanced business intelligence to improve file selection. Analysis of business intelligence data enables auditors to identify the most appropriate files for audit. Specialized audit teams will also be used when managing compliance in certain high-risk areas. Small and medium business audit programs will also explore the use of proactive approaches, such as sector-specific letter-writing campaigns, to positively influence the reporting behaviour of taxpayers.

These new approaches will give the CRA an opportunity to increase its presence in the small and medium business population by offering more help and assistance to low-risk taxpayers who may be struggling to meet their obligations. The proactive and focused nature of these new approaches will help reduce the compliance burden for low-risk taxpayers and allow them to avoid unnecessary audits and potentially costly errors. At the same time, this approach will make it more difficult for taxpayers who do not comply, by allowing us to focus our audit resources on files at the highest risk of non-compliance.

CONVICTION: GST/HST FRAUD

GST/HST fraud leads to 92 months in jail

Newmarket, Ontario, June 17, 2013 — The Canada Revenue Agency announced today that a Markham, Ontario, man has been sentenced in the Ontario Court of Justice to 92 months in jail and fined $935,506 after pleading guilty to one count of fraud over $5,000.

The CRA investigation revealed that for the years 2001 to 2005 the former chartered accountant had filed fraudulent GST/HST returns and received just over $9.8 million in unwarranted refunds. The court heard evidence that the man had used his senior position in a large retail energy reseller to access the books and records of another recently acquired company. Using this information, he then presented himself as the person who had been authorized to communicate with the CRA on behalf of the newly acquired company to facilitate filing fraudulent GST/HST returns. The fraudulent refunds were then deposited into a bank account he had opened by incorporating another company with a similar name.

The proceeds from the fraud were used to fund a lavish lifestyle that included major renovations to his Markham home, buying a number of properties outside of Canada, and transferring millions of dollars into U.S. bank accounts. For the tax years 2002 to 2005, the man also did not file his personal income tax returns, so he failed to report the income he fraudulently received and thus evaded paying $935,506 in federal income taxes.

CONVICTION: TAX EVASION SCHEMES

Tax preparer gets 10-year jail term for tax fraud

Oshawa, June 4, 2013 – A director and owner of a Vaughan-area tax preparation firm was sentenced today in the Ontario Superior Court on two counts of fraud over $5,000 and was sentenced to the maximum period of 10 years in jail for each count, to be served concurrently. She was also ordered to pay a fine of $699,608. The convicted woman is currently under arrest in Spain, where extradition proceedings are underway to return her to Canada. She will begin serving her sentence when she returns.

In November 2006, the CRA carried out searches of the woman's residence, place of business, and a local storage facility. The documents obtained during the searches showed that she had fraudulently claimed carrying charges and charitable donations totaling $58,500,000 on 4,200 income tax returns that she had prepared on behalf of her clients for the 2003 to 2005 tax years. In all, these false claims reduced the amount of federal taxes her clients owed by over $10 million. In addition, her tax preparation firm did not report taxable income of $2.8 million for the years 2003 to 2005, resulting in the evasion of $699,608 in federal tax.

Business Intelligence and Quality Assurance

As part of the CRA's business transformation and integrity agenda, we have implemented the Business Intelligence and Quality Assurance (BIQA) program. BIQA was implemented in the small and medium business audit programs for income tax and GST/HST in September 2013. Following this successful implementation, BIQA was expanded to include the GST/HST Refund Integrity program.

The business intelligence component of BIQA institutes a new regional approach to selecting audit files. Specialized regional teams develop and select income tax and GST/HST audit workloads. The teams are responsible for gathering, analyzing, and applying the business intelligence used to identify the most appropriate files for audit. This new approach is a more systematic and comprehensive risk-based way to achieve strategic program objectives at the local, regional, and national levels.

In addition to BIQA, a good example of a more systematic approach to workload management is our National Leads Centre. The centre was established in Scarborough, Ontario, in June 2013. It coordinates and evaluates all informant leads the CRA receives to ensure the information is incorporated in our risk assessment systems, and then refers the lead information to the appropriate compliance program and tax service office for follow up.

$137M

DID YOU KNOW?

Since June 2000, the CRA has assessed over $137 million in third party penalties to tax advisors, planners and promoters as a result of their involvement in gifting income tax shelter schemes

The quality assurance component of BIQA, delivered through our Audit Quality Assurance program, establishes strong internal audit control measures to ensure greater audit consistency and quality. Strong audit protocols and procedures help to strengthen the quality of our audits by making staff and managers more accountable. Audit Quality Assurance creates mechanisms for quickly identifying areas needing improvement and improves evidence-based decision-making.

The Audit Quality Assurance process randomly selects audits and examination files for review and is designed to meet the following goals:

- ensure and promote the consistent application of quality standards in compliance activities
- communicate best practices
- identify learning needs
- provide management with assurances that audit standards are being met

The program helps us to continuously reinforce quality and professionalism in our audit activities.

The Underground Economy

Underground economy (UE) activity is generally defined as economic transactions that are unreported for tax purposes. The CRA considers the underground economy to include both unreported and under-reported income, which may involve:

- not filing or registering
- not reporting a business activity
- not reporting part of a business activity or income
- not reporting employment income

Combatting the UE is a high priority for the CRA and we have a dedicated program in place to deal with businesses and individuals who participate in the underground economy.

UE activity undermines Canada's tax base. It also threatens future economic growth. The tax revenues lost to UE activity restrict the Government's ability to balance its books and fund important government services and economic action plans. But the most insidious effect of the UE is the unfair advantage it gives to people who are willing to cheat the system, undermining the natural competitive advantages of more innovative, productive, and profitable businesses.

Recent information from Statistics Canada suggests the relative size of the UE as a percentage of the economy is shrinking (from 2.9% in 1992 to 2.3% in 2011). Four industries accounted for almost 65% of Canada's total estimated UE: construction – 28%; finance, insurance, real estate, rental, leasing and holding companies – 13%; retail trade – 12%; accommodation and food services – 12%.

The CRA is committed to tackling the UE and protecting the integrity of Canada's tax system by:

- working with other federal departments, provincial and territorial governments, professional organizations, and key industry groups;
- using a multidimensional compliance strategy including outreach, education, and targeted compliance actions;
- working with international partners to share best practices and identify emerging UE risks and trends;
- conducting compliance research and focusing on sectors where UE activity is prevalent;
- taking a leadership role internationally on the underground economy. In 2011, the CRA led the development of a study on reducing opportunities for tax non-compliance in the underground economy for the OECD Forum on Tax Administration's Subgroup on Small and Medium Enterprise Compliance;
- providing business cases for new legislative measures to strengthen our ability to identify and address UE activity.

10,360

DID YOU KNOW?

About ¼ of CRA's total workforce is dedicated to ensuring taxpayers report accurately and are in compliance with Canada's tax laws

CONVICTION: INTERNATIONAL TAX EVASION

Vancouver businessman jailed for income tax evasion

Vancouver, September 10, 2013 – The Canada Revenue Agency announced today that a Vancouver man has been sentenced to two years in jail and fined $400,000 in Robson Square Provincial Court, after being found guilty on nine counts of tax evasion.

A CRA investigation found that the man had not reported $2,447,209 in business and investment income on his 1994, 1996 to 2001, 2004, and 2005 personal income tax returns. A significant portion of his unreported income was derived from offshore stock transactions. Evidence presented to the court showed that the man had held assets in a personal account in Guernsey and he periodically transferred capital from his Guernsey account to a Canadian company account under his control. He then withdrew funds from the Canadian company's business account for personal use. In total, he evaded $672,703 in federal income tax.

In 2013-2014:

- New Electronic Suppression of Sales legislation took effect on January 1, 2014. The legislation provides civil penalties for using, possessing, acquiring, manufacturing, developing, selling, possessing for sale, offering for sale, or otherwise making available Electronic Suppression of Sales software. The new legislation also includes criminal offence provisions for developing, selling, or using this software. To ensure all stakeholders know about the new legislation, a public awareness campaign was conducted until August 31, 2014.
- We created specialized point-of-sales audit teams to address the use of electronic suppression of sales software. The teams are made up of electronic commerce audit specialists and auditors from the income tax and GST/HST small and medium business audit programs. They are involved in applying new civil penalties to people who use or sell sales suppression software and are now working in major urban centres across Canada.
- We established underground economy specialized teams with advanced training in identifying unreported and under-reported income to function as UE centres of expertise. These teams are now operational in 20 tax services offices across the country.
- The Government's Economic Action Plan 2013 introduced legislative measures to streamline procedures for getting information on unnamed persons from third parties such as banks. These measures will complement the audit tools the CRA uses now.

Key results:

- The small and medium enterprise program conducted 1,213 underground economy outreach visits.
- We reviewed 39,221 files.
- We audited 7,971 underground economy files.
- Our audit activities identified over $1.1 billion in fiscal impact.

Goods and Services Tax/Harmonized Sales Tax

The implementation of regional and national inventory models to select and prioritize files for audit is improving our ability to target limited audit resources to files at the highest risk of non-compliance. In addition, by using advanced data analytics we are better able to identify high-risk files based on patterns and trends in the data that GST/HST registrants file. The CRA's GST/HST pre-assessment national inventory model is an excellent example of how we are using analytics to effectively and efficiently identify risk and prevent unwarranted refunds from being paid.

Schemes designed to exploit value-added tax systems commonly found in the European Union have begun to make their presence known in Canada. Our Aggressive GST/HST Planning Program is working closely with our international partners to share best practices to address these emerging aggressive GST/HST planning schemes.

These schemes are a significant non-compliance threat and are being addressed by our GST/HST compliance program. In 2013-2014, the program exercised new authorities under the *Excise Tax Act* for the first time by successfully identifying and assessing a significant third-party civil penalty against an individual who made and participated in the making of false statements or omissions in relation to a Excise Tax matter.

In 2013-2014:

- The technical capacity of staff continued to be augmented through a series of national technical capacity building forums. These knowledge-sharing sessions allow subject matter experts to provide up-to-date information on interpretive positions.
- The CRA continued to refine its GST/HST pre-assessment national inventory model by adding new algorithms and rules to better identify files at risk and prevent the payment of unwarranted refunds. These changes are helping the program identify more cases of identity theft, fictitious claims, and abusive schemes.
- The risk assessment of GST/HST large business audit files has been significantly improved through the introduction of a new three-tiered risk assessment process. This new process helps focus audit resources on the highest-risk files. Regional risk assessment committees rank files for audit and then incorporate them into regional work plans to establish which files should be audited and in which order.

Key results:

- The CRA completed 78,310 GST/HST audits.
- The total additional fiscal impact as a result of GST/HST audits is slightly over $2 billion.

Scientific research and experimental development

Scientific research and experimental development	Financial resources (in dollars)	Human resources (FTEs)
Planned	72,020,710	599
Actual	**74,360,370**	**617**
Difference	(2,339,660)	(18)

The Scientific Research and Experimental Development (SR&ED) program provides tax assistance and investment tax credits to Canadian businesses as an incentive to conduct qualifying industrial research and development activities in Canada. The CRA also administers film and media tax credits. The CRA's role is to ensure all claims under these programs are made in accordance with legislative requirements.

We review the technical and financial aspects of all claims submitted to ensure the work and expenditures claimed meet the specific requirements of the *Income Tax Act*. We also focus on identifying high-risk claims and ensure the program operates as intended.

Because the scientific research and experimental development tax credit is the largest single source of federal government support for industrial R&D in Canada, we work hard to give applicants the information and timely access to services they need. Our goal is to make sure tax credits or cash refunds are delivered quickly, consistently, and predictably.

In 2013-2014:

- In January 2014, the SR&ED program launched the self-assessment learning tool. This online tool helps businesses determine if their R&D work meets the requirements for the SR&ED program. It includes focused questions, clear explanations, and tips on how to structure an SR&ED claim.
- The CRA introduced the First-Time Claimant Advisory Service. This service provides in-person help for first-time SR&ED claimants. Local CRA staff meet with first-time claimants at their place of business to help them to better understand the SR&ED program and to give them the tailored information they need for a successful claim.
- In January 2014, we began piloting webinars on the SR&ED program. These webinars are designed to complement the in-person seminars currently held across the country.

These new initiatives are designed to help SR&ED claimants successfully access the SR&ED program and benefit from the incentives it offers. By proactively supporting our clients and helping them become better informed, we are increasing their chances of a successful claim, reducing the time lost through processing delays, and lowering their administrative burden. This additional support is expected to give SR&ED claimants more opportunities to create jobs and grow Canada's economy.

Key results:

- The SR&ED program processed 24,794 claims.
- The program provided more than $3.3 billion in tax assistance in support of industrial research and development.
- The CRA identified over $534 million in non-compliance.

Criminal investigations

Criminal investigations	Financial resources (in dollars)	Human resources (FTEs)
Planned	77,884,482	684
Actual	**56,177,107**	**386**
Difference	21,707,375[1]	298

[1] The difference is due to the Criminal Investigations transformation (for more explanation, see pages 57 and 58). Resources have not been reduced, and lapses were reinvested in staffing, training, tools, and compliance-related activities.

The Criminal Investigations Program (CIP) is transforming to become a world-class criminal investigations unit. It will focus on the most egregious tax evaders, including those who promote tax evasion schemes such as a few unscrupulous tax consultants, tax preparers, and tax protestors, as well as those who illegally hide their money offshore.

The financial resources dedicated to identifying and addressing those who commit tax fraud have not been reduced. The transformation plan for the CIP includes a number of transitional factors that have affected the FTE variance. These include:

- the reclassification of investigators to higher grades and levels;
- the consolidation of the program from 32 offices to 6, located in cities that align with our key stakeholders such as the Royal Canadian Mounted Police and the Public Prosecution Service of Canada in the cities of Vancouver, Calgary, Toronto, Ottawa, Montreal, and Halifax; and
- transitional costs for training, tools, and facilities.

The CIP has adopted national strategic file selection. This ensures consistency and our ability to leverage the expertise of investigators nationally, as well as the capacity to effectively work on egregious and complex tax evasion cases.

CONVICTION: TAX PROTESTERS

"Natural person" gets 14 months in jail and a hefty fine for tax evasion

Regina, August 12, 2013 — The Canada Revenue Agency announced today that an Estevan provincial court has fined a Saskatchewan businessman $264,335 for tax evasion and sentenced him to 14 months in jail.

The man was found guilty of evading federal income by failing to report employment income totaling $548,044 paid to him in 2006, 2007, and 2008 by a company he controlled and owned. The corporation was also found guilty of helping him to evade taxes. The Court heard evidence that the man had changed his status from an employee to that of a subcontractor, so that the company would no longer be required to issue him a T4 slip. The Court fined the man $164,728 and his company $99,607 for a total fine of $264,335, which represents 100% of the tax evaded.

Evidence provided to the Court showed that over a two-year period the man had also paid fees to an "educator" with the Paradigm Education Group and had adopted their belief that, as a "natural person," he was not subject to the *Income Tax Act*. The man's "educator" is also now before the courts charged with tax evasion and aiding, abetting, and counselling others to commit tax evasion. Unfortunately, at no time did the man seek out reputable professional advice about these erroneous beliefs.

Our new national workload selection process has enhanced the strategic selection of files by considering local, regional, national, and government priorities. Files selected through this process eliminate the potential for unilateral decisions to investigate files that do not meet national program priorities.

The CIP will also proactively utilize all communication avenues to promote the results of successful prosecutions, and it will release prejudgment information on significant criminal investigations actions such as searches, seizures, and laying criminal charges. This type of information serves to maintain the integrity of the tax system and warns Canadians about potential fraud schemes.

The CIP has been aggressively staffing and recruiting. With the exception of two offices, the program expects to be fully staffed by March 2015. We expect the remaining two offices to be fully staffed in 2015-2016. Program lapses have been invested in training and tools for our new and existing investigators, as well as in compliance-related activities.

The CIP investigates suspected cases of tax evasion, fraud, and other serious violations of tax laws. And it recommends cases to the Public Prosecution Service of Canada for criminal prosecution.

Tax evasion and fraud are serious offences. The success of our criminal investigations acts as a powerful deterrent to people who might otherwise be tempted to commit these crimes.

The work done by the CIP is highly specialized, difficult, and time-consuming. On average, investigations take over three years-from the time a case is accepted for investigation, to the time it goes to court. As well, these investigations can involve individuals with previous criminal records and, in some cases, even individuals with ties to organized crime.

Investigations are done by skilled technical teams with expertise in search, seizure, forensic accounting, and investigative techniques. This includes the taking of electronic evidence from computer records and electronic devices. The evidence needed to support criminal charges is generally gathered through the use of judicially authorized, investigative tools such as search warrants and production orders. The onus is on the CRA to gather sufficient evidence to allow the Public Prosecution Service of Canada to prove beyond a reasonable doubt that an offence has been committed. Our actions are always subject to scrutiny by the courts. Accordingly, under the Charter of Rights and Freedoms, investigators have to protect the rights of the taxpayers under investigation.

Key results:

- The Public Prosecution Service of Canada conviction rate was 98%.
- The courts awarded $9.9 million in criminal fines and 25 individuals received prison sentences. A total of more than 52 years of jail sentences were imposed.

Voluntary disclosures

Voluntary disclosures	Financial resources (in dollars)	Human resources (FTEs)
Planned	6,652,067	77
Actual	**5,709,749**	**77**
Difference	942,318	0

The Voluntary Disclosures Program gives taxpayers a way to voluntarily come forward to put their tax affairs in order and become fully compliant. The program promotes voluntary compliance with tax legislation.

Taxpayers who use this program still must pay any taxes owing, plus interest, but they may avoid costly penalties or prosecution. Taxpayers can disclose unreported income from any source, non-filed returns, or can correct errors or omissions on previously filed returns, among other errors or omissions.

For example, as a result of our focus on offshore compliance, taxpayers are using the Voluntary Disclosures Program to disclose offshore income and assets. The number of offshore disclosures received have increased from 1,215 in 2006-2007, to 5,248 in 2013-2014. This represents over $2 billion in total unreported income since 2006-2007.

Encouraging taxpayers to come forward, correct their tax affairs and pay their fair share is a cost-effective way for the CRA to obtain compliance. The Voluntary Disclosures Program also provides valuable insights into taxpayer behaviour that are helping the CRA to meet the compliance and service challenges of the future.

In 2013-2014:

- **Voluntary Disclosures Program operations were centralized and now operate out of the Shawinigan, Winnipeg, and Surrey tax centres. Centralization allows the CRA to maximize existing tax centre file processing expertise.**

  Key results:

  - In 2013-2014 we processed 14,624 Voluntary Disclosures, a record and almost 22% more than the previous year.
  - The program identified more than $813 million in unreported income.
  - The program identified $303 million in unreported income from disclosures related to offshore income and assets in 2013-2014.

Performance results

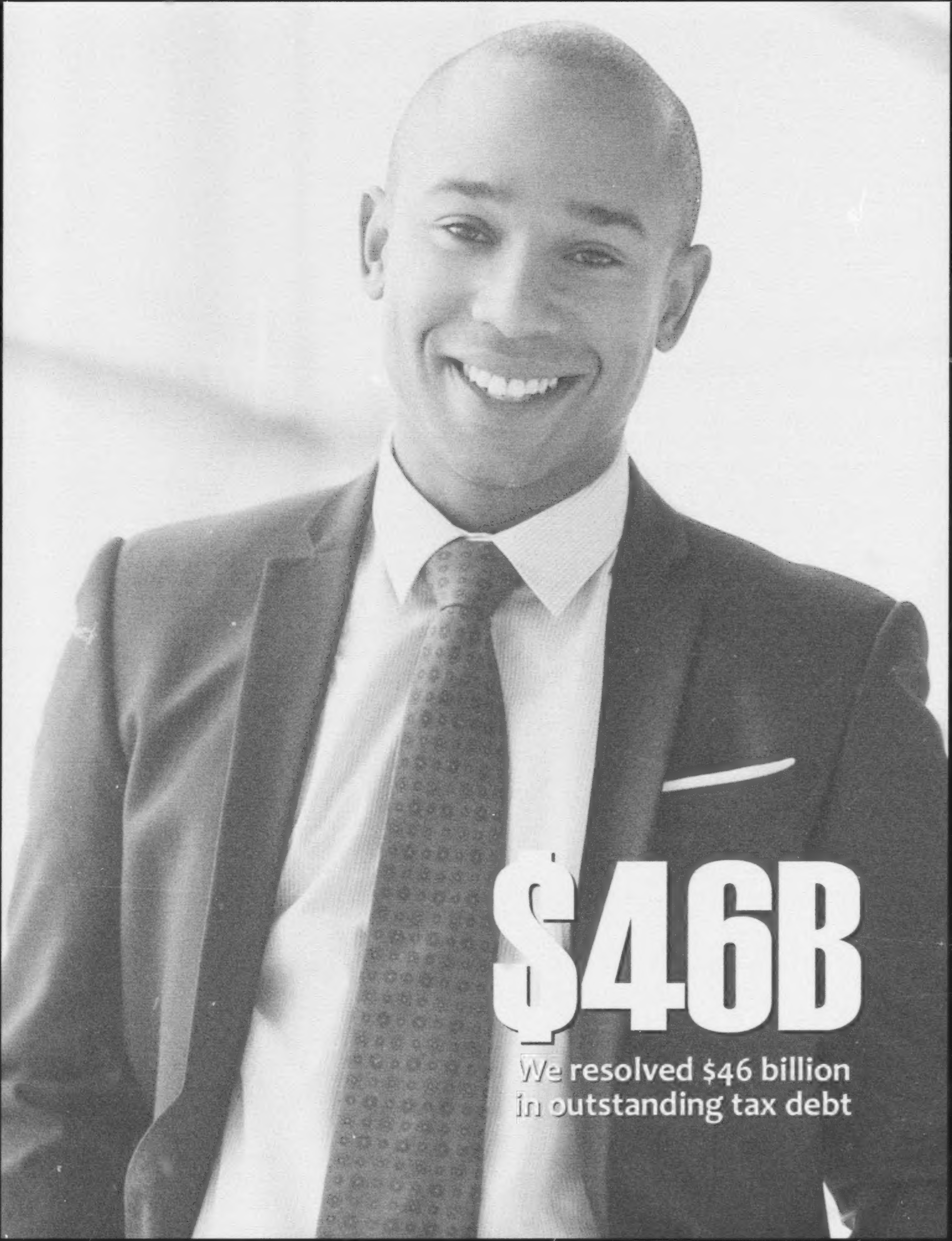
Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected.				
Program/ sub-programs	**Expected results**	**Performance indicators**	**Targets**	**Actual results**
Reporting compliance	Reporting non-compliance is detected and corrected by better targeting compliance actions through effective risk assessment	Change rate (percentage of risk-assessed audit activities that result in detecting non-compliance by individuals and corporations)	80%	76%
International and large business	Reporting non-compliance is detected and corrected by better targeting compliance actions through effective risk assessment of the largest and most complex tax filers	Change rate for international and large business income tax audits (percentage of risk-assessed audit activities that result in detection of non-compliance)	90%	85%[1]
Small and medium enterprises	Reporting non-compliance is detected and corrected by better targeting compliance actions through effective risk assessment of individuals, small, and medium businesses (less than $250 million per year in gross sales), and non-residents	Change rate for small and medium enterprise income tax audits (percentage of risk-assessed audit activities that result in detecting non-compliance)	75%	82%
GST/HST	Reporting non-compliance is detected and corrected by better targeting compliance actions through effective risk assessment of GST/HST registrants	Change rate for GST/HST audits (percentage of risk-assessed audit activities that result in detecting non-compliance)	75%	73%
Scientific research and experimental development	Eligible claimants receive timely scientific research and experimental development tax incentives	Percentage of service standards targets that are met or mostly met relating to SR&ED: • Claims – SR&ED tax incentives – refundable claims processed within 120 calendar days (target: 90%) • Claims – SR&ED tax incentives – non-refundable claims processed within 365 calendar days (target: 90%) • Claims – SR&ED tax incentives – claimant-requested adjustments to refundable claims processed within 240 calendar days (target: 90%) • Claims – SR&ED tax incentives – claimant-requested adjustments to non-refundable claims processed within 365 calendar days (target: 90%)	100%	100%

Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected.

Program/ sub-programs	Expected results	Performance indicators	Targets	Actual results
Criminal investigations program	Suspected cases of evasion or fraud are detected and addressed through referrals to Public Prosecution Service of Canada	Percentage of full-scale investigations referred to Public Prosecution Service of Canada compared to total number of full-scale investigations	80%	56%[2]
Voluntary disclosures program	Promoting compliance with Canada's tax laws by encouraging taxpayers to voluntarily come forward and correct previous omissions in their dealings with the CRA	Percentage of verified voluntary disclosure cases sampled through program reviews will be in compliance with VDP policies and procedures	90%	90%

[1] As noted in the report, as a result of CRA compliance actions, the number of participants in gifting tax shelter schemes has fallen significantly in recent years. Consequently, the number of tax shelter audits performed during the reporting period also fell dramatically, negatively impacting the international and large business audit change rate.

[2] See the last paragraph in the criminal investigation section on page 57 for explanation of variance.


$46B
We resolved $46 billion
in outstanding tax debt

Program: Accounts receivable and returns compliance

The accounts receivable and returns compliance programs identify, address, and prevent non-compliance to help resolve tax debt quickly. The CRA takes a progressive approach to compliance and debt collection, beginning with education and outreach activities to remind taxpayers of their compliance obligations. We work with individuals and businesses who have outstanding tax returns or remittances, or who owe money, to help them meet their tax obligations and pay their outstanding debt. When needed, we take action to address non-compliance by using a range of activities designed to enforce compliance with Canada's tax laws for registering, filing, withholding, and paying debt.

Accounts receivable and returns compliance	Financial resources (in dollars)		Human resources (FTEs)	
Main Estimates	427,902,247		–	
Total authorities	539,660,156		–	
Planned		477,228,052[1,2]		7,433
Actual		**496,787,602[1,3]**		**7,589**
Difference (planned minus actual)		(19,559,550)		(156)

[1] Includes automated operations and call centre sub-program (the activities of this sub-program ceased during 2013-2014):
– planned spending ($31,640,994) and actual spending ($31,358,153)

[2] Planned spending has been restated from the Canada Revenue Agency 2013-2014 Report on Plans and Priorities to distribute the real property accommodations funding (previously centralized in program 7 – internal services) to all applicable programs. Planned spending excludes severance payments, parental benefits, vacation credits and the carryforward of unused funds from2012-2013 pursuant to the Canada Revenue Agency's two-year spending authority. This funding is received during the fiscal year and is only included in actual spending.

[3] The figure represents the actual spending for the CRA on a modified cash basis, based on Parliamentary appropriations used. See pages 106-107 of the Annual Report to Parliament for an explanation of how actual spending relates to results in the CRA Financial Statements – Agency Activities.

Sub-program descriptions

Sub-program	Description
Trust accounts – Compliance	The program protects the revenue streams that represent the most significant part of Canada's revenue base by facilitating and enforcing registration, withholding, remitting, reporting, and filing obligations for payroll deductions, goods and services tax/harmonized sales tax, other levies, and non-resident taxes. The program influences compliance attitudes through targeted strategies and addresses non-compliance through automated systems, call centres, and field operations.

Sub-program	Description
Non-filer/non-registrants compliance	The program facilitates and enforces filing by individuals, businesses and trusts. The program uses a risk-based approach that influences filing behaviour and addresses non-compliance through targeted strategies, automated systems, call centres, and field operations.
Accounts receivable – Tax and government programs	The program is responsible for the collection of tax debts for the federal, provincial, and territorial governments, and other government agencies. The program is also responsible for the collection of non-tax debts where the responsibility for the collection function has been transferred to the Canada Revenue Agency from other organizations.

Trust accounts – Compliance

Trust accounts – Compliance	Financial resources (in dollars)	Human resources (FTEs)
Planned	77,675,476	1,823
Actual	**81,333,441**	**1,757**
Difference	(3,657,965)	66

The CRA is responsible for ensuring the integrity of Canada's source deductions system, overseeing the income tax deducted from the paycheques of millions of Canadians each year to fund federal, provincial, and territorial government programs and infrastructure. We also oversee the income tax deducted and amounts held in trust for employees' contributions to their Canada Pension Plan (CPP) and employment insurance (EI) accounts. The collection of personal income tax revenue through source deductions is the most significant source of government revenues. In 2013-2014 alone, the CRA collected $245 billion through source deductions.

The CRA recognizes the importance of working with employers to ensure they accurately deduct and remit the right amounts when preparing employee payrolls, and remit the employer's portion of CPP contributions and EI premiums. Our role includes helping to educate employers, support compliance, and prevent errors by making information readily available through our website, webinars, and our call centre.

Businesses registered for the GST/HST are responsible for collecting and remitting the appropriate amounts to the CRA, based on the taxable supplies of the goods and services they provide. The GST/HST is a significant source of government revenue, and the CRA is vigilant in making sure GST/HST registrants file when required and remit on time.

The CRA uses a variety of processes to help taxpayers comply. They include an automated reminder service that sends a series of calls to new employers and GST/HST registrants to remind them of their filing obligations, and automated reminder letters and telephone calls to establish filing arrangements. This enables the CRA and taxpayers to

CONVICTION: TAX EVASION

Construction company fined $200,000 for inaccurately recording overtime pay

February 2014 – In 2008 and 2009, a northern Ontario construction company recorded $1,242,357 worth of overtime pay as non-taxable allowances. It compensated employees for the overtime by paying directly for personal expenses or by issuing separate cheques not included on the payroll. Using this approach, the company avoided withholding and remitting the required income tax, Canada Pension Plan contributions, and employment insurance premiums. The company pleaded guilty to tax evasion and was fined $200,000. It was also reassessed for failure to withhold and remit CPP contributions and EI premiums on the overtime paid in the form of non-taxable allowances from January 1, 2008, to December 31, 2009.

Some employees were affected because the overtime pay was not recorded as income on their T4 slips. Employees who under-reported their taxable income for the 2008 and 2009 tax years have also been reassessed for additional federal taxes.

resolve issues early to reduce the number of cases requiring follow-up action or prosecution.

When such early intervention methods fail, and GST/HST or source deductions non-compliance is identified or suspected, the CRA takes corrective action including examining employer books and records to make sure the correct amounts are being deducted and remitted. Using this approach, in 2013-2014 the CRA identified $958.6 million in source deductions non-compliance.

Key results:

- We performed over 493,000 payroll account reviews
- We resolved over 330,000 GST/HST files through our GST/HST delinquent filer program
- We completed 865 employer compliance audits
- We identified $1.9 billion in non-compliance including source deductions

Non-filer/non-registrant compliance

Non-filer/non-registrant compliance	Financial resources (in dollars)	Human resources (FTEs)
Planned	71,485,073	859
Actual	**64,927,998**	**897**
Difference	6,557,075	(38)

Non-filers are defined as individuals, corporations, or trusts that do not file tax returns despite a legal obligation to do so. Non-registrants are business entities that do not register for the GST/HST when required.

Some of the ways we identify non-compliance in this area include using automated systems to match information slips and corporate business numbers against submitted tax returns, and following up on informant leads from various sources. We also investigate sectors where we suspect underground economic activities exist. Some of our accomplishments in 2013-2014 included:

- leveraging business intelligence to influence enhancements to program strategies
- regionalizing inventories
- strengthening internal controls for workload management

Once we identify non-filers and GST/HST non-registrants, we take a measured approach to promote or enforce compliance. We use letters, telephone calls, and in-person contact in an effort to get outstanding returns. When these actions do not bring the taxpayer into compliance with their filing obligations, we may decide it is necessary to prosecute the taxpayer for not filing their tax returns.

Key results:

- We received over 667,000 income tax and information returns as a result of our actions to prompt compliance by non-filers.
- We identified $3.3 billion in non-compliance in the non-filer segment.

Accounts receivable – Tax and government programs

Accounts receivable – Tax and government programs	Financial resources (in dollars)	Human resources (FTEs)
Planned	296,426,509	4,368
Actual	**319,168,010**	**4,478**
Difference	(22,741,501)[1]	(110)

[1] Increase primarily due to in-year allocations aimed at enhancing program results, legal services expenditures transferred from the appeals program during the 2013-2014 fiscal year, and payments associated with severance, benefits and vacation credits.

Effectively resolving outstanding tax debt is a critical element in protecting Canada's tax base and ensuring governments have the revenues needed to support social programs and address priorities. In 2013-2014, the CRA resolved $46 billion in outstanding tax debt on behalf of federal, provincial, territorial, and First Nations governments.

This past year, over 92% of individuals paid their taxes on time and without intervention. The CRA focuses on addressing the remaining segment of the population that is non-compliant, and uses a variety of interventions ranging from automated reminders or phone calls from agents to various enforcement actions conducted by our tax services offices.

Along with collecting tax debts, the CRA also undertakes various activities to promote the integrity of the tax system and maintain a healthy tax portfolio. These activities include insolvency-related actions, investigations leading to legal action to protect the tax amounts owing, managing the

aged inventory, and ensuring accounts are properly written off when the accounts are not collectable.

In 2013-2014, some of our major undertakings included:

- putting more collections information online, based on consultations with stakeholder groups; for example, we added specific topics of interest to third parties, such as requirements to pay (garnishees);
- implementing new processes and technology to better reallocate accounts from potential collection officer action to lower-risk and more efficient strategies, such as letters and phone calls;
- applying analytics expertise to improve call campaigns such as instalment remitters;
- piloting new approaches to leverage the capacity of senior collection officers on high- risk accounts across broader geographic zones; and
- assuming responsibility for recovering overpayments for additional employment and social development Canada benefit programs, including developing required policies and procedures.

92%

DID YOU KNOW?
More than 92% of individuals file and pay their taxes on time without CRA intervention

The CRA launched new projects to address payment non-compliance in the very high-risk collections area of repeat offenders. Our goal is to identify and modify the future behaviour of taxpayers, specifically those who are strategically organizing their business affairs to avoid collections actions or are unwilling to correct their non-compliance.

The CRA is also continuing efforts to identify and address specific complex workloads such as international accounts and tax avoidance schemes. We have begun to establish centres of expertise to deal with the challenges unique to these files.

CONVICTION: NON-FILERS

Non-filer fined $15,000 for not filing tax returns

Brampton, Ontario, February 4, 2014 – The Canada Revenue Agency announced today that a Brampton, Ontario, man has been fined $15,000 after pleading guilty to 15 counts of failing to file personal and corporate income tax returns. The fines were imposed by the Ontario Court of Justice in Brampton. The man was given 12 months to pay the fine, and all returns have since been filed.

The CRA made several requests for the missing returns before serving the Brampton man with formal notices demanding that he file them. Charges were laid when he did not comply.

In addition to the fines imposed by the courts, individuals or corporations convicted of not filing tax returns are still obligated to file the tax returns and pay the full amount of taxes owing, plus interest, as well as any civil penalties that the CRA may assess.

REPORT CARD: Business intelligence

Similar to other tax administrations, the CRA collects, produces, and stores vast amounts of data. New technologies and faster processing are helping us to more effectively access, integrate, and analyze this data, resulting in better business intelligence about taxpayer behaviour.

Equipped with this knowledge, we are in a stronger position to positively influence taxpayer behaviour. This, in turn, supports our compliance and collections efforts, from placing a well-timed phone call, to offering a reminder, to selecting files for examination when non-compliance is suspected. Examples of our initiatives include:

- using data analysis to predict which instalment remitters were likely to make payments enabled us to better target follow-up phone calls, resulting in $31 million in additional negotiated payment arrangements.
- using data analysis to identify accounts that would "self-resolve" allowed us to focus our collections efforts on higher risk accounts, ultimately limiting the growth in tax debt.
- using data analysis to predict the assessed value of unfiled T1 returns, enabling us to better select T1 non-filer workload for follow-up action, and resulting in additional positive assessments totalling $127 million.
- having successfully used a "nudge" approach (i.e., calls to encourage taxpayer co-operation) with our automated dialer strategy, we adopted a similar approach for collections.

At the end of 2013-2014, the CRA's collections activities exceeded targets for a number of reasons which included continued improvements to collection processes and the effective management of aged accounts to address the legislation on the collections limitation period. To ensure tax debts are resolved before the limitation period expires, the CRA is developing an automated system to manage the limitation periods for all tax debts. At the end of the reporting period, the total undisputed taxes, interest, and penalties was $33.6 billion.

Key results:

- The CRA resolved $46 billion in outstanding tax debt
- The CRA recovered $609 million of the outstanding debt portfolio for Employment and Social Development Canada

Expanded Use of Business Intelligence

In 2013-2014, the CRA continued to maximize the use of business intelligence tools to predict cases where CRA intervention might influence payment and filing compliance.

By using technology and business intelligence, the CRA was able to make strategic and operational decisions so that taxpayer files could be directed to the most appropriate collection or compliance strategy, such as the Debt Management Call Centre, the Accounts Receivable National Inventory, or directly to a tax service office for intervention. Data mining models allowed the call centre to receive taxpayer files that might be settled by an automated phone call or a call from a call centre agent, whereas the more complex and higher-risk files were directed to a tax service office for more aggressive action.

The CRA also identified population segments, including new employers and GST/HST registrants and individual quarterly instalment remitters, that would benefit from receiving an automated reminder of their filing obligations and due dates.

We implemented a predictive data mining model which enabled us to predict taxpayers' likelihood to pay and guided our campaigns to improve payment compliance by calling taxpayers with outstanding balances. Our business intelligence work is helping our efforts to support filing compliance when addressing the underground economy in high-risk sectors.

Performance results

Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected.

Program/ sub-programs	Expected results	Performance indicators	Targets/ forecasts/ threshold	Actual results
Accounts receivable and returns compliance	Tax debt and government programs debt is resolved on a timely basis and is within targeted levels	Percentage of dollar value of tax and government programs accounts receivable resolved at our tax services offices in the fiscal year, compared to forecast	100%	122%[1]
	Ensure compliance with registering, filing and remitting requirements as they relate to the *Income Tax Act*, *Canada Pension Plan*, *Employment Insurance Act*, the *Excise Tax Act* and other legislation	Percentage of cases resolved, returns obtained and accounts registered, compared to forecast	100%	109%[2]
Trust accounts – Compliance	Ensure compliance with filing and remitting requirements as they relate to the *Income Tax Act*, the *Canada Pension Plan*, the *Employment Insurance Act*, and the *Excise Tax Act*	Dollar value of assessments related to Employer, GST/HST and Part XIII related compliance activities	$1.8 billion	$2 billion
		Number of cases resolved directly associated to the value of assessments related to Employer, GST/HST and Part XIII related compliance activities	869,597	890,334
		Number of compliance activities completed that contribute to the value of assessments related to Employer, GST/HST and Part XIII related compliance activities	1.3 million	1.3 million
Non-filer/non-registrant compliance	Ensure compliance of individuals, corporations, and trusts with filing and registration requirements as they relate to the *Income Tax Act*, the *Excise Tax Act*, and other legislation	Dollar value of returns obtained and estimated assessments related to GST/HST non-registration activities and non-filer activities for individuals, trusts and corporations resolved at the TC/TSO level	$2.45 billion	$3.3 billion
		Number of returns obtained and accounts registered related to GST/HST non-registration activities and non-filer activities for individuals, trusts and corporations resolved at the TC/TSO level	216,854	259,841
		Number of compliance activities completed that contribute to the value of returns obtained and estimated assessments related to GST/HST non-registration activities and non-filer activities for individuals, trusts and corporations that are resolved at the TC/TSO level	662,667	726,287
	Accounts resolved through high volume / low cost interventions	Volume of selected non-filer (individuals and corporations) accounts resolved in the fiscal year through automated operations and call centre	230,000	282,938

Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected.				
Program/ sub-programs	**Expected results**	**Performance indicators**	**Targets/ forecasts/ threshold**	**Actual results**
Accounts receivable – Tax and government programs	Tax debts are collected and resolved, for the federal, provincial, and territorial governments, on a timely basis and within targeted levels	Percentage of dollar value of tax accounts receivable intake (dollars) resolved in the year of intake	60%	59%
		Percentage of TSO tax accounts receivable aged inventory (>5 years) compared to closing TSO inventory	18%	14.5%
		Percentage of accounts receivable dollars resolved (production) in the fiscal year compared to the dollar value of accounts receivable received (intake) in the fiscal year	90%	95%
	Government program debts are collected and resolved, for the federal, provincial, and territorial governments, and are within targeted levels	Percentage of dollar value of government program accounts receivable resolved in the fiscal year compared to forecast	100%	102%[3]
	Accounts resolved through high volume / low cost interventions	Percentage of front end operations intake (dollars) resolved in the year of intake	76%	78.4%

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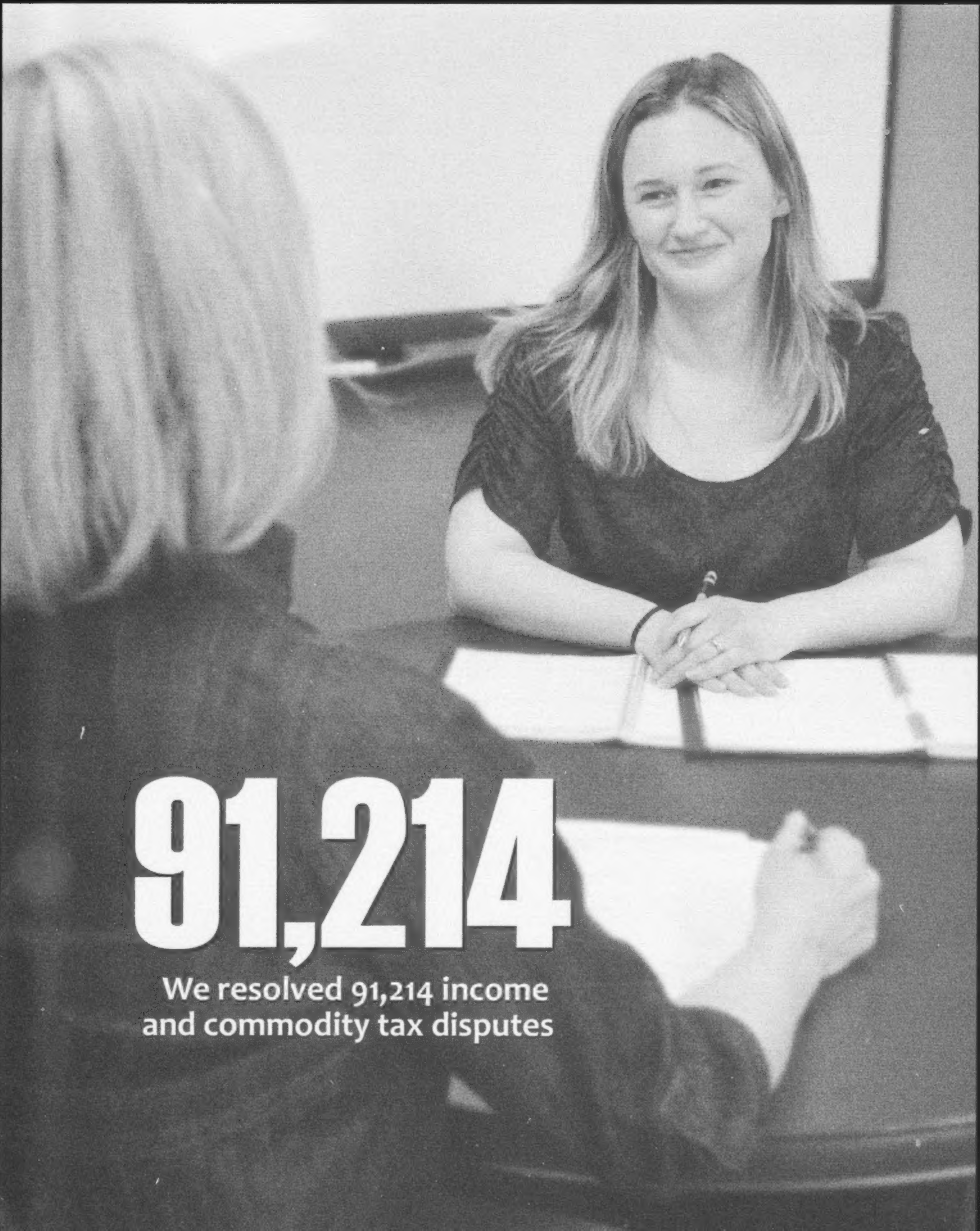
[1] The actual total of tax debt and government programs debt resolved by our tax services offices and by our Government Programs in 2013-2014 was $21.3 billion — 22% higher than the original forecast of $17.4 billion.

[2] The actual number of cases resolved, returns obtained and accounts registered in 2013-2014 was 1,150,175 — 9% higher than the original forecast of 1,056,164.

[3] The actual total of government program debts resolved in 2013-2014 was $609.2 million — 2% higher than the original forecast of $596 million.



91,214

We resolved 91,214 income and commodity tax disputes

Program: Appeals

The CRA provides a fair and impartial redress process to resolve disputes and requests for relief arising from decisions made by the CRA. If taxpayers are not satisfied with the outcome of this process, they can appeal to the courts.

Appeals	**Financial resources** (in dollars)		**Human resources** (FTEs)	
Main Estimates	178,609,564		–	
Total authorities	215,140,992		–	
Planned		194,984,626[1]		1,634
Actual		**190,219,456[2]**		**1,732**
Difference (planned minus actual)		4,765,170		(98)

[1] Planned spending has been restated from the Canada Revenue Agency 2013-2014 Report on Plans and Priorities to distribute the real property accommodations funding (previously centralized in program 7 – internal services) to all applicable programs. Planned spending excludes severance payments, parental benefits, vacation credits and the carryforward of unused funds from2012-2013 pursuant to the Canada Revenue Agency's two-year spending authority. This funding is received during the fiscal year and is only included in actual spending.

[2] The figure represents the actual spending for the CRA on a modified cash basis, based on Parliamentary appropriations used. See pages 106-107 of the Annual Report to Parliament for an explanation of how actual spending relates to results in the CRA Financial Statements – Agency Activities.

Sub-program descriptions

Sub-program	Description
Income and commodity tax – Objections, determinations, and appeals to the courts	The program provides a timely, impartial, and consistent dispute resolution process for taxpayers who disagree with decisions the CRA has made relating to assessments or determinations made under the *Income Tax Act*, the *Excise Act*, and *Excise Tax Act*. An appeals officer conducts an impartial review of a decision to try to resolve a dispute. This program is also responsible for working with the Department of Justice Canada in conducting appeals before the courts.
Canada Pension Plan/employment insurance appeals to the minister and appeals to the courts	The program provides a timely, impartial, and consistent dispute resolution process for taxpayers who disagree with decisions the CRA has made relating to assessments or rulings made under the *Canada Pension Plan* and the *Employment Insurance Act*. An appeals officer does an impartial review of a decision to try to resolve a dispute. This program is also responsible for working with the Department of Justice Canada in conducting appeals before the courts.
Service complaints	The program provides a timely service complaints resolution process for taxpayers who are not satisfied with the level of service they have received from the CRA, as defined in the Taxpayer Bill of Rights. It identifies service-related problems and proposes solutions to taxpayers.
Taxpayer relief	The program provides relief to taxpayers who may not be able to meet their tax obligations due to personal misfortune or circumstances beyond their control. When taxpayers disagree with the application of the taxpayer relief provisions by the CRA, the Appeals Branch works with the Department of Justice Canada in conducting litigation before the courts.

Income and commodity tax – objections, determinations, and appeals to the courts

Income and commodity tax – Objections, determinations, and appeals to the courts	Financial resources (in dollars)	Human resources (FTEs)
Planned	163,551,896	1,214
Actual	**159,394,641**	**1,275**
Difference	4,157,255	(61)

The CRA interacts with millions of taxpayers, GST/HST registrants, and benefit recipients each year. Our goal is to make sure each taxpayer is treated fairly and according to the appropriate tax laws, beginning with the *Income Tax Act*.

83,708

DID YOU KNOW?
We received 83,708 objections

Whenever a taxpayer or benefit recipient disagrees with a CRA decision, they can request a review. To launch a formal redress process, the taxpayer files an objection and receives a letter of acknowledgement from the CRA. To ensure impartiality, we assign an appeals officer who was not involved in the original assessment, determination, or ruling to work with the taxpayer to try to resolve the dispute. In cases where we are unable to resolve a tax dispute to the taxpayer's satisfaction, the taxpayer has the right to appeal to the Tax Court of Canada or the Federal Court.

The CRA is committed to providing objective, fair, transparent, and timely administrative reviews. The ultimate goal is to provide a sound decision that will respond to the taxpayer or benefit recipient who put forward the objection and will build trust in the tax system. Our decisions are not arbitrary or subjective—every decision is firmly grounded in legislative authority to ensure all taxpayers are treated fairly and consistently.

Faster Processing, Decreasing Costs

The CRA's growing focus on aggressive tax planning in recent years contributed to a growing backlog of income tax objections and subsequent appeals to the courts.

Bill C-48 received Royal Assent on June 26, 2013, amending the *Income Tax Act* retroactively to 2002. The amendment affects selected groups of objections involving more than 107,000 taxpayers. Between August 2013 and March 2014, the CRA communicated with 25,600 taxpayers to offer resolution to the dispute. Of these, 19,300 accepted the resolution. Along with objections from other similar groups, we anticipate completing about 44,500 objections in 2014-2015.

In addition to resolving these group objections, the CRA has continued to find more efficient ways of processing objections. By distributing low-complexity objections to tax centres across Canada, the CRA can reduce turnaround times. In 2013-2014, we also began a review of information technology systems related to appeals to identify potential efficiencies and improvements.

The ability to process and clear some of the existing backlog, combined with a decrease in new files coming in during the reporting period, enabled us to reduce the closing inventory. The closing inventory for 2013-2014 was 197,278 which is lower than the 2012-2013 closing inventory of 208,559 leaving us with 11,000 fewer objections to resolve.

Key results:

- We received 80,723 income and commodity tax disputes.
- We resolved 91,214 income and commodity tax disputes.
- 4,543 appeals were filed before the Tax Court of Canada.

Canada Pension Plan/employment insurance appeals to the minister and appeals to the courts

Canada Pension Plan/ employment insurance appeals to the minister and appeals to the courts	Financial resources (in dollars)	Human resources (FTEs)
Planned	4,910,146	154
Actual	**2,300,606**	**126**
Difference	2,609,540	28

The CRA provides a timely, objective, fair, and transparent dispute resolution process for taxpayers who want to appeal a CRA decision relating to an assessment or ruling made under the *Canada Pension Plan* or the *Employment Insurance Act*. Once we issue a decision on an appeal, the decision can be further appealed to the Tax Court.

Increased emphasis on the timeliness of these decisions has reduced the average time it took to resolve a CPP/EI appeal. The average time fell to 140 days from the previous year's average of 150. The program also saw an improvement of 13% in 2013-2014 in meeting its internal objectives for the timely resolution of CPP and EI appeals.

If the administrative review of a CPP/EI appeal does not resolve the taxpayer's dispute, the taxpayer can appeal to the Tax Court of Canada. In these instances, the CRA works with the Department of Justice. There has been a decrease in the number of CPP/EI appeal files received at the Tax Court of Canada in the last few years: a 31% reduction in the number of CPP/EI appeals to the Tax Court of Canada compared with 2011-2012. This decrease is explained in part by our commitment to transparency in explaining our decisions. Taxpayers receive a complete analysis and explanation, which we believe increases their understanding of the decision and reduces the number of appeals to the courts.

Key results:

- We received 2,985 CPP/EI disputes and resolved 3,272.
- 284 appeals were filed before the Tax Court of Canada.

Service complaints

Service complaints	Financial resources (in dollars)	Human resources (FTEs)
Planned	7,844,409	95
Actual	**7,578,574**	**87**
Difference	265,835	8

The CRA offers a three-step process to resolve service-related issues resulting from mistakes, undue delays, misleading information, or concerns about behaviour of CRA employees. Since some service complaints result from a lack of information or simple miscommunication, we first encourage taxpayers to talk with us. Taxpayers who are still not satisfied may file a formal complaint with the CRA's service complaints program. If the resolution we provide is unsatisfactory, taxpayers have the right to submit a complaint to the Office of the Taxpayers' Ombudsman.

Taxpayer Bill of Rights

In June 2013, the Minister added a new right to the Taxpayers Bill of Rights. Right #16 provides the assurance that service complaints or requests for formal reviews will not attract reprisal. Any allegation of reprisal will be investigated by the CRA. This provides an objective and impartial review by making sure the investigation is conducted independently of the office associated with the complaint.

In 2013-2014, our analysis of trends in service-related issues helped us to identify and confirm service gaps and to prioritize needs for service improvements. During the reporting period, the CRA:

- updated call centre information so our agents advise taxpayers who are updating their direct deposit information to keep their old accounts open until the first deposit is made to their new account;
- equipped call centre agents with more information about processing times of tax returns for taxpayers who have a proposal in bankruptcy, so they can give them more accurate information; and
- updated our website to explain that business clients can request a "comfort letter" confirming a taxpayer's business accounts are in good standing with the CRA.

95%

DID YOU KNOW?

95% of the service complaints were resolved within 30 business days

Key results:

- We resolved 2,705 service complaints.
- 95.3% of the service complaints were resolved within 30 business days.

Taxpayer relief

Taxpayer relief	Financial resources (in dollars)	Human resources (FTEs)
Planned	18,678,175	171
Actual	**20,945,635**	**244**
Difference	(2,267,460)	(73)

The CRA's Taxpayer Relief Program helps taxpayers who may not be able to meet their tax obligations because of personal misfortune or circumstances beyond their control. When taxpayers disagree with how the CRA applied the taxpayer relief provisions, they can ask the Federal Court to intervene.

The taxpayer relief provisions give the minister the authority to cancel or waive penalties and interest otherwise payable. They also provide the discretion to allow certain late, amended, or revoked elections, and issue income tax refunds or reduce amounts payable beyond the normal three-year period. This allows the CRA to take a common-sense approach to helping taxpayers who are unable to comply with certain tax obligations, such as filing a return by its due date, or paying or remitting an amount when required.

The CRA issues media releases and posts information on its website to tell taxpayers who have been affected by disasters that they will have access to the taxpayer relief provisions if they are unable to meet their tax obligations. For example, in 2013, Canadians from several regions, including Alberta, Ontario, Quebec, and Atlantic Canada, had to rebuild because of flooding, severe weather conditions, and other tragic events. On July 25, 2013, the Minister announced taxpayer relief measures for Canadians affected by the disaster in Lac-Mégantic, Quebec.

The Taxpayer Relief Program has received significantly more requests over the past several years as Canadians become more familiar with options available to them when they encounter challenges complying with their tax obligations. The increased volumes have put pressure on the CRA's ability to provide timely responses. To relieve these pressures, the CRA has invested significant resources to improve timeliness. We invested in system enhancements allowing for better file management, training, and better tools to help staff address requests.

The CRA website tells taxpayers how to submit a taxpayer relief request, what information to include, and what the time limit is for requesting relief.

Key results:

- Under taxpayer relief provisions, we cancelled and waived $414.2 million in penalties and interest for 382,758 requests (taxpayer-requested and automated).
- We introduced system enhancements and streamlined procedures which have improved processing times for cancelling and waiving penalties and interest.

Tax relief in extraordinary circumstances

Disasters struck some Canadian communities during 2013, disrupting the lives of thousands of families and interrupting the affairs of hundreds of businesses. Severe spring flooding in western Canada and extreme weather in other regions forced many taxpayers to spend weeks preoccupied with preserving and restoring their property and their belongings. Then in July 2013, tragedy struck Lac Mégantic, Québec when a rail derailment and the resulting fire caused significant loss of life and destruction of property, impacting the entire community for many months.

These extraordinary events made it impossible for some taxpayers to file on time which, under normal circumstances, would expose them to penalties. Fortunately, the CRA was able to waive such penalties for many of the affected taxpayers through the tax relief provisions of the *Income Tax Act*. The tax relief program helped the affected taxpayers to focus their efforts on helping their families and neighbours while their communities recovered from disaster.

Performance results

Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected.				
Program/ sub-programs	**Expected results**	**Performance indicators**	**Targets**	**Results**
Appeals	Taxpayers receive a timely review of contested decisions made under legislation administered by the CRA and the handling of service complaints is timely and consistent	Percentage of targeted levels of timeliness and consistency for income tax and commodity tax objections, CPP/EI appeals to the minister, and service complaints that are met or mostly met: • First contact letter for disputes within 30 calendar days (target: 85%) • Problem resolution program – acknowledge receipt within two business days (target: 95%) • Problem resolution program – resolve problem within 15 business days (target: 95%) • Service complaints – acknowledge receipt within two business days (target: 80%) • Service complaints – resolve the complaint within 30 business days (target: 80%)	100%	100%
	Taxpayers receive an impartial review of contested decisions made under legislation administered by the CRA	Taxpayers receive an impartial review of contested decisions made under legislation administered by the CRA	100%	100%
Income and commodity tax – objections, determinations, and appeals to the courts	Taxpayers receive a timely, impartial, and responsive review of contested decisions made under the *Income Tax Act*, the *Excise Act*, and the *Excise Tax Act*	Percentage of decisions on objections filed under the *Income Tax Act*, the *Excise Act*, and the *Excise Tax Act* completed within established time frames	85%	80%[1]
		Percentage of decisions on objections filed under the *Income Tax Act*, the *Excise Act*, and the *Excise Tax Act* determined to meet or exceed consistency standards	90%	96.5%
		Percentage of decisions on objections filed under the *Income Tax Act*, the *Excise Act*, and the *Excise Tax Act* determined to be impartial meets or exceeds target	95%	99.2%

Strategic outcome: Taxpayers meet their obligations and Canada's revenue base is protected.				
Program/ sub-programs	**Expected results**	**Performance indicators**	**Targets**	**Results**
Canada Pension Plan/employment insurance appeals to the Minister and appeals to the courts	Taxpayers receive a timely review of contested decisions made under the *Canada Pension Plan* or the *Employment Insurance Act*	Percentage of reviews of appeals to the minister filed under the *Canada Pension Plan* or the *Employment Insurance Act* completed within established time frames	85%	76%[2]
	Taxpayers receive an accurate review of contested decisions made under the *Canada Pension Plan* or the *Employment Insurance Act*	Percentage of decisions regarding CPP/EI appeals to the minister determined to meet or exceed accuracy standards	90%	99.8%
	Taxpayers receive an impartial review of contested decisions made under the *Canada Pension Plan* or the *Employment Insurance Act*	Percentage of decisions of CPP/EI appeals to the minister determined to be impartial	95%	99.8%
Service complaints	Taxpayers are issued timely acknowledgements to their service complaints	Percentage of service complaints acknowledged within two business days	80%	85.8%
	Taxpayers receive timely resolutions to their service complaints	Percentage of service complaints resolved within 30 business days	80%	95.3%
Taxpayer relief	Taxpayers receive a timely response to requests for interest relief or penalty relief or both	Percentage of decisions on taxpayer relief requests determined to meet or exceed consistency standards	85%	98.5%

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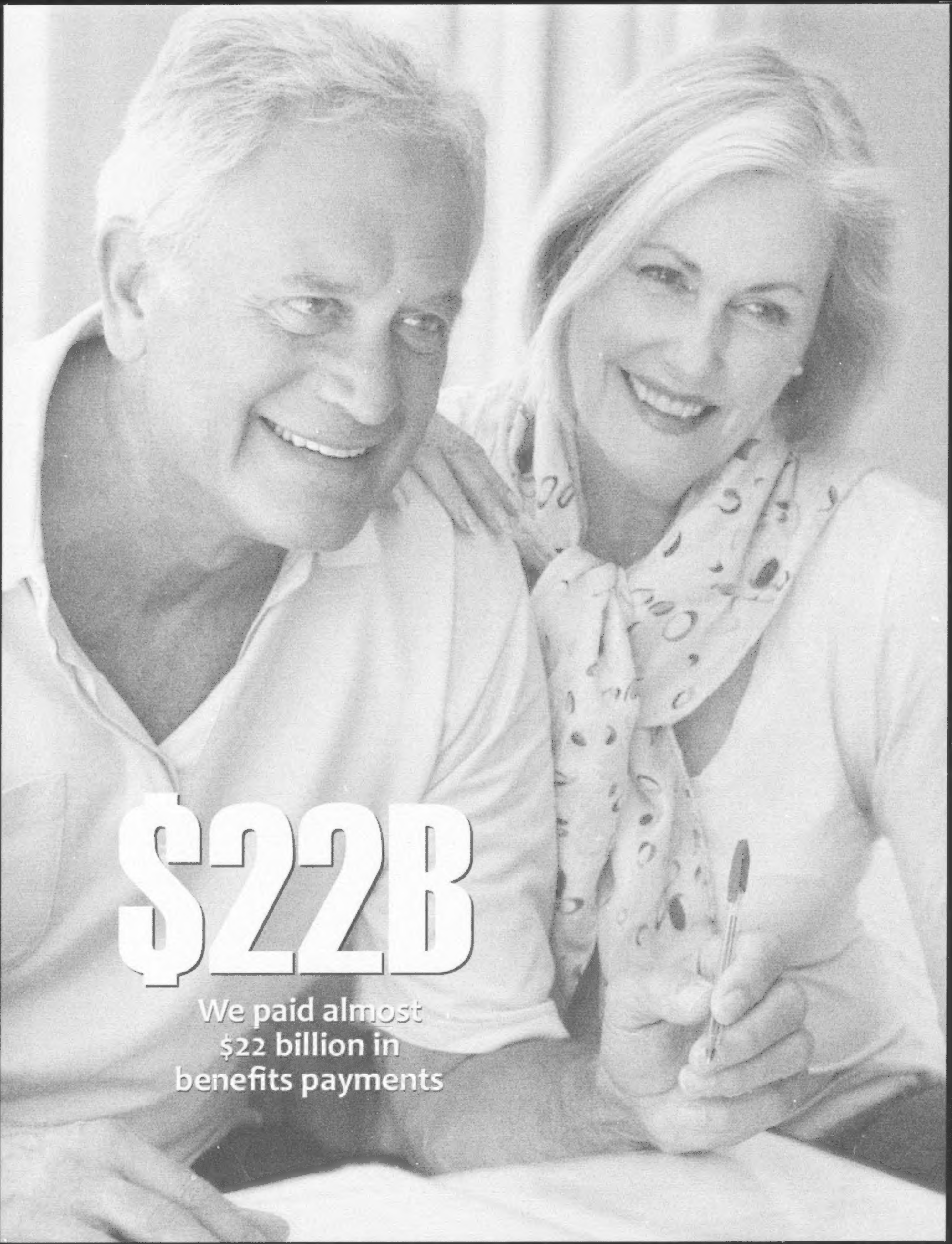
[1] Established timeframe targets were mostly met in 2013-2014. Processing improvements will continue to be implemented.

[2] An increase in intake in 2012-2013 as a result of changes in the Pensionable and Insurable Earnings Review program and in an increase in major investigation files resulted in unexpected increases in inventory. Consequently, 2013-2014 internal objective results on disposals were negatively affected.



$22B

We paid almost
$22 billion in
benefits payments

Program: Benefit programs

Many Canadians depend on benefit payments for a significant part of their household income. The CRA administers a range of ongoing benefits and one-time payment programs for the provinces and territories and the federal government, such as the Canada child tax benefit, the GST/HST credit, and the universal child care benefit. We ensure the right benefit payment is made to the right individual at the right time and give recipients accessible information and timely responses to their enquiries.

Benefit programs	**Financial resources** (in dollars)		**Human resources** (FTEs)	
Main Estimates	382,509,653		–	
Total authorities	383,633,714		–	
Planned		392,631,508[1,2]		1,561
Actual		**374,414,324[3]**		**1,300**
Difference (planned minus actual)		18,217,184		261

[1] Includes statutory children's special allowance payments sub-program:
– planned spending ($238,000,000) and actual spending ($235,403,434)

[2] Planned spending has been restated from the Canada Revenue Agency 2013-2014 Report on Plans and Priorities to distribute the real property accommodations funding (previously centralized in program 7 – internal services) to all applicable programs. Planned spending excludes severance payments, parental benefits, vacation credits and the carryforward of unused funds from2012-2013 pursuant to the Canada Revenue Agency's two-year spending authority. This funding is received during the fiscal year and is only included in actual spending.

[3] The figure represents the actual spending for the CRA on a modified cash basis, based on Parliamentary appropriations used. See pages 106-107 of the Annual Report to Parliament for an explanation of how actual spending relates to results in the CRA Financial Statements – Agency Activities.

Sub-program descriptions

Sub-program	Description
Benefit enquiries	The program offers benefit recipients timely and accessible information on their entitlements and obligations through self-service and assisted channels.
Benefit programs administration	The program delivers a range of ongoing benefits and one-time payment programs that support the economic and social well-being of Canadians. Through processing and validation activities, it ensures the right benefit payment is made to the right individual at the right time.

Benefit enquiries

Benefit enquiries	Financial resources (in dollars)	Human resources (FTEs)
Planned	44,807,940	515
Actual	**33,950,231**	**316**
Difference	10,857,709	199

For many Canadians, benefit payments account for a significant part of their household income, and it is essential the CRA give quick and helpful responses to their benefit enquiries.

Our call centres respond capably to millions of telephone enquiries each year. We met our performance targets for timely and accurate responses to enquiries about the Canada child tax benefit and the GST/HST credit.

While more users are opting for the convenience of our online tools, we are committed to maintaining our telephone enquiries service and to providing paper copies of publications to those who need them because we understand online services do not meet the needs of all benefit recipients.

Key results:

- 5.6 million calls to our benefit enquiries line in 2013-2014.
- We met our service standard target for timeliness by answering calls within two minutes 75% of the time for Canada child tax benefit and GST/HST credit enquiries.

12M

DID YOU KNOW?
We paid benefits to nearly 12 million recipients

Benefit programs administration

Benefit programs administration	Financial resources (in dollars)	Human resources (FTEs)
Planned	109,823,568	1,046
Actual	**105,060,659**	**984**
Difference	4,762,909	62

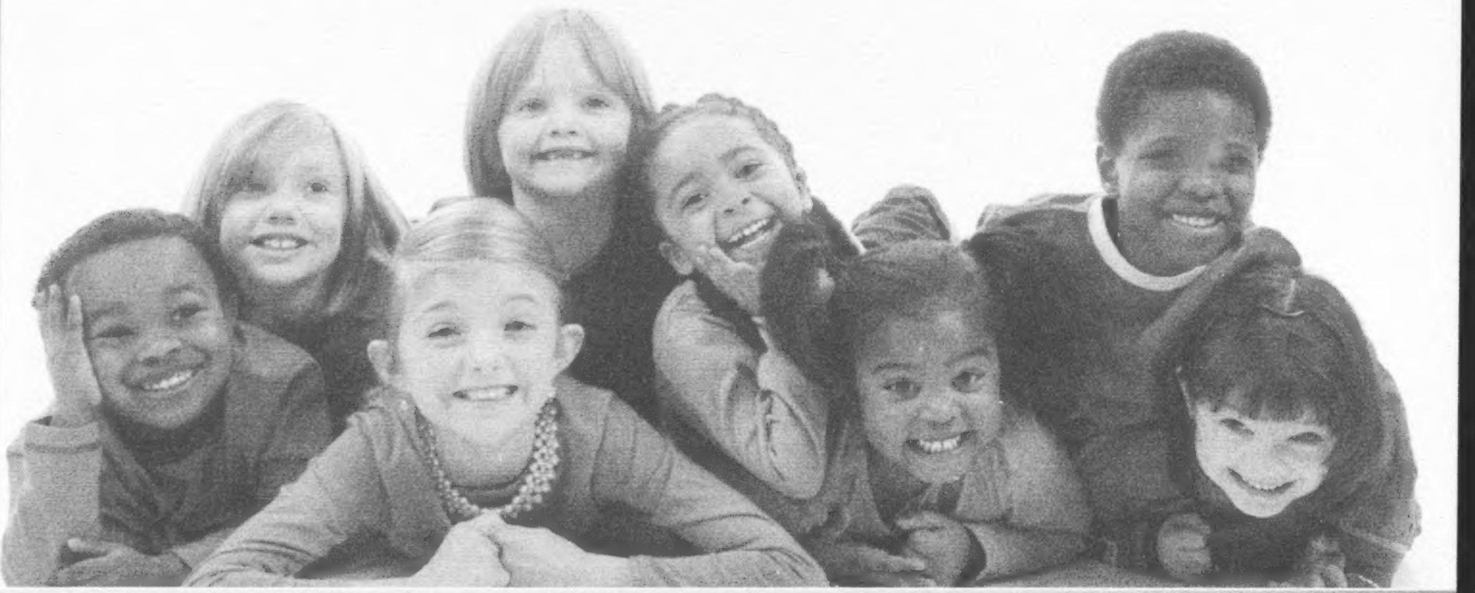
Renewing our Benefit Infrastructure

We are updating our benefits system through a multi-year renewal project. It will ensure we continue to provide benefit recipients with timely payments and information while enabling future program growth. The renewal project will also provide a solid foundation for the benefit programs and services we deliver for the provinces and territories and the federal government.

E-services

Our online services, supported by security procedures to protect personal information, represent the best opportunity to respond to the evolving service expectations of benefit recipients. Online services provide benefit recipients with a convenient and user-friendly experience. Canadians can apply for benefits with assurance their personal information will remain confidential.

We introduced a number of improvements to make it easier for them to receive clear information and timely services, and to enable us to respond to new opportunities for growth in program and service delivery, including those we



undertake with our partners. For example, benefit recipients can now update information on the children in their care online.

Key results:

- Benefit and credit payments made by direct deposit increased to 64.8%, moving us closer to meeting the Government of Canada's commitment to phase out federal government cheques by April 2016.
- The benefits page in **My Account** registered 3.3 million visits and the Quick Access service logged 762,330 visits.
- Electronic submission for form T1013 *Authorizing or Cancelling a Representative* increased by more than 40% in 2013-2014. The use of paper forms decreased by more than 280,000.

120M

DID YOU KNOW?
We made more than
120 million payments

Partnerships

We administer benefit programs on behalf of provincial and territorial governments which reduces the need for separate calculation and delivery systems at the federal, provincial, and territorial levels. For example, in July 2013, we began administering the Prince Edward Island sales tax credit on behalf of the provincial government. This tax credit is fully funded by the province and helps households with low and modest incomes.

Similar income-based eligibility criteria are used for most programs and, through data sharing with our provincial and territorial government partners, we are able to ensure the right benefits go to the right recipients, while simplifying the application process. For example, the CRA's Automated Benefits Application system allows participating provinces and territories to offer a quick, easy, and secure way to apply for all child benefit programs for newborns. In 2013, New Brunswick became the ninth province to adopt the Automated Benefits Application.

Key results:

- We administer 132 federal, provincial, and territorial programs and services.
- We reviewed 310,648 accounts based on our risk assessments and 66% of the files reviewed had to be adjusted.
- We processed 971,597 GST/HST credit account adjustments resulting from changes to recipient family situations such as a change in income, marriage, or a child turning 19.
- We issued 99.9% of payments on time.
- We made more than 120 million payments to close to 12 million benefit recipients.
- We paid close to $22 billion in benefit payments.

Performance results

Strategic outcome: Eligible families and individuals receive timely and correct benefit payments.

Program/ sub-programs	Expected results	Performance indicators	Targets/ threshold	Actual results
	Eligible families and individuals receive timely and correct benefit payments.	Percentage of benefits payments received by benefit recipients on time	99%	99.9%
Benefit programs	Benefit recipients are provided timely and accurate eligibility determinations and payments, and have access to timely and accurate information	Percentage of service standards targets that are met or mostly met relating to Benefits administration and enquiries • Canada Child Tax Benefit enquiries – respond to calls in the agent queue within two minutes (target: 75%) • GST/HST credit enquiries – respond to calls in the queue within two minutes (target: 75%) • Respond to benefit and credit enquiries – accuracy (target: 98%) • Respond to benefit and credit enquiries – timeliness – within 80 calendar days (target: 98%) • Processing benefit applications and marital status change forms – accuracy (target: 98%) • Processing benefit applications and marital status change forms – timeliness – within 80 calendar days (target: 98%) • Process a request to authorize or cancel a representative (electronic) within five business days (target: 90%) • Process a request to authorize or cancel a representative (paper) within 20 business days (target: 90%)	100%	100%
		Canada Child Tax Benefit overpayment debt as a percentage of payments issued	<0.4%	-0.04%[1]

Strategic outcome: Eligible families and individuals receive timely and correct benefit payments.				
Program/ sub-programs	**Expected results**	**Performance indicators**	**Targets/ threshold**	**Actual results**
Benefit enquiries	Benefit recipients have access to timely and accurate responses to their telephone enquiries	Percentage of Canada Child Tax Benefit and GST/HST credit calls answered within 2 minutes of entering the agent queue	75%	75%
		Percentage of Canada Child Tax Benefit and GST/HST credit callers who succeed in reaching CRA telephone service (agent or automated)	85%	85%
		Percentage of accurately updated internal reference materials for benefit services agents	100%	100%
Benefit programs administration	Benefit and credit eligibility determination and payment processing are timely and accurate	Percentage of service standards targets that are met or mostly met relating to benefit and credit application/maintenance • Processing benefit applications and marital status change forms – timeliness – within 80 calendar days (target: 98%) • Processing benefit applications and marital status change forms – accuracy (target: 98%)	100%	100%
		Percentage of Canada Child Tax Benefit and GST/HST credit accounts targeted under validation programs that were adjusted (validation and compliance)	50%	65.8%
		Percentage of respondents satisfied with benefit application processing time	75%	84.3%

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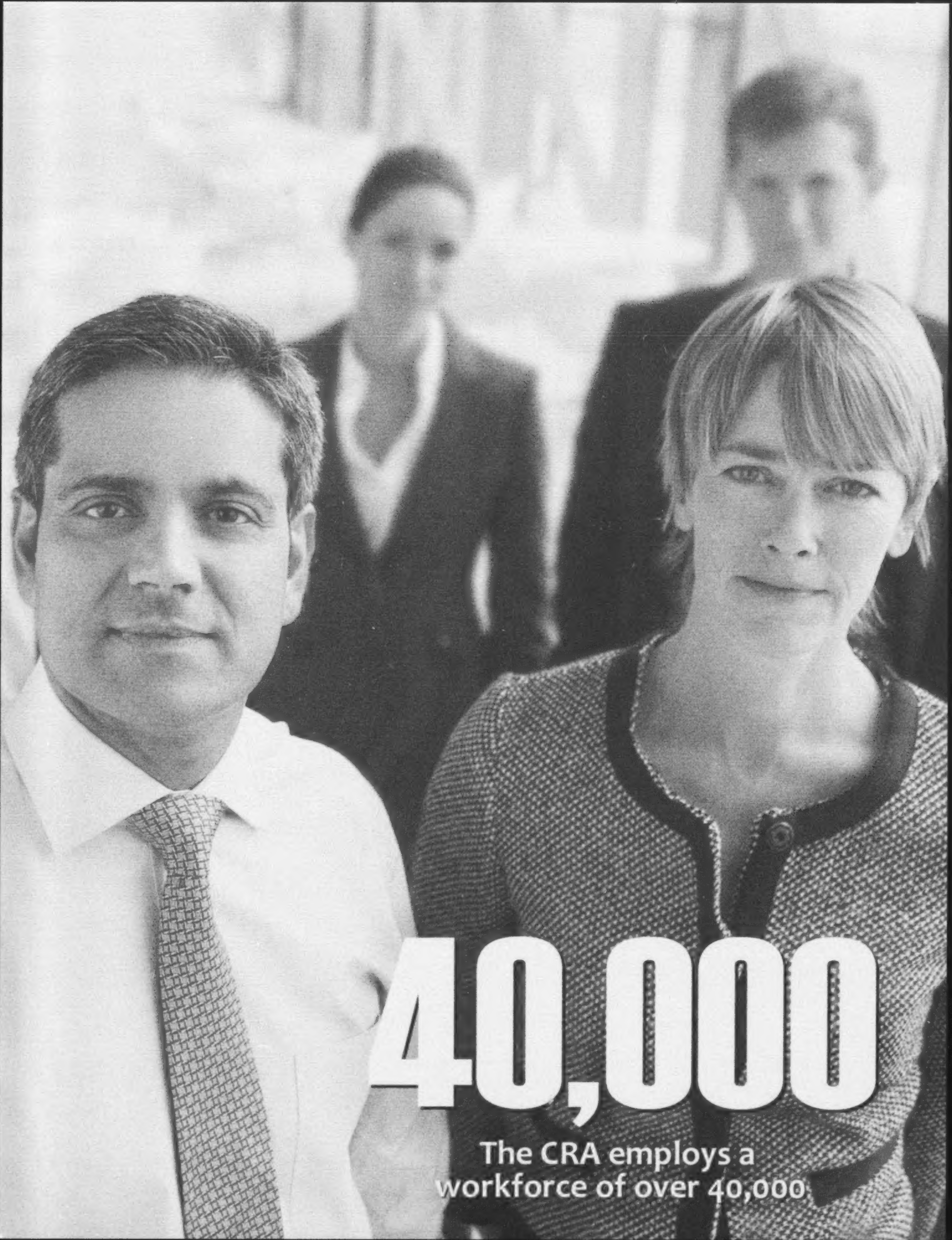
[1] The cumulative Canada child tax benefit debt decreased in 2013-2014.



40,000

The CRA employs a workforce of over 40,000

Program: Internal services

Canada's tax administration is sustained by a solid foundation of sound financial management, secure and reliable information technology, and a diverse and high-performing workforce. Maintaining cost-effective internal services allows us to deliver and continually improve services to Canadians, achieve the highest levels of integrity and security, and respond swiftly and effectively to those who do not comply with their tax obligations.

Internal services	**Financial resources** (in dollars)		**Human resources** (FTEs)	
Main Estimates	1,134,805,151		–	
Total authorities	1,059,539,860		–	
Planned		854,769,042[1]		7,767
Actual		**914,441,789[2]**		**7,860**
Difference (planned minus actual)		(59,672,747)		(93)

[1] Planned spending has been restated from the Canada Revenue Agency 2013-2014 Report on Plans and Priorities to distribute the real property accommodations funding (previously centralized in program 7 – internal services) to all applicable programs. Planned spending excludes severance payments, parental benefits, vacation credits and the carryforward of unused funds from2012-2013 pursuant to the Canada Revenue Agency's two-year spending authority. This funding is received during the fiscal year and is only included in actual spending.

[2] The figure represents the actual spending for the CRA on a modified cash basis, based on Parliamentary appropriations used. See pages 106-107 of the Annual Report to Parliament for an explanation of how actual spending relates to results in the CRA Financial Statements – Agency Activities.

Blueprint 2020

In 2013, the Clerk of the Privy Council launched Blueprint 2020, a government-wide employee engagement exercise designed to shape the public service of tomorrow. Through two rounds of engagement on Blueprint 2020, CRA employees identified nine priorities to action for the CRA to achieve the Clerk's vision and provide better service to Canadians and government now and in the future.

The CRA's Blueprint 2020 priorities

1. Streamline our system defining the competencies needed for CRA jobs
2. Improve service by using e-tools to communicate with taxpayers
3. Strengthen our performance management
4. Improve our staffing process
5. Expand the use of social media in the workplace
6. Enhance the workplace with new collaboration and mobility tools
7. Support our reputation by showcasing employee commitment to service and integrity
8. Broaden employee awareness of our services and programs
9. Reduce internal red tape

Key results:

- More than 3,000 CRA employees took part in the first ever CRA-wide webinar to launch the CRA's engagement in Blueprint 2020
- More than 21,000 employees participated in face-to-face events about Blueprint 2020
- Employees accessed the Destination 2020 social media tool more than 460,000 times, posted more than 11,500 comments, and cast 70,000 votes on those comments

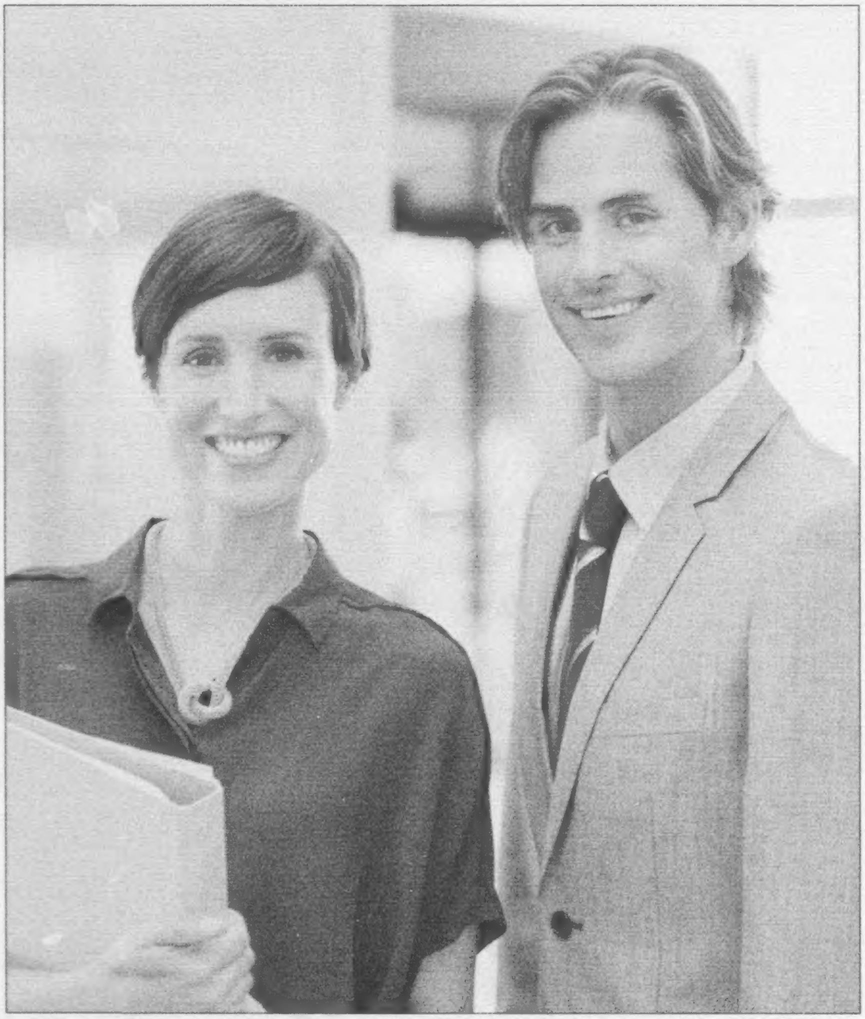
Human resource management

Our skilled employees, working in communities from coast to coast, are committed to serving taxpayers with integrity and efficiency. We updated the Agency Strategic Workforce Plan in 2013-2014 to detail how we will maintain a workforce with the expertise and experience needed to continue serving taxpayers effectively. The plan identifies five elements that will drive our human resource strategies: a culture of integrity; integrity-based leadership; qualified and skilled employees; a high-performing organization; and an agile workforce. Being able to anticipate and quickly respond to changes in our operating environment is important to all of our business. We implemented several actions in 2013-2014 to increase the efficiency of our human resource practices.

We aligned our HR business processes with the Common Human Resources Business Processes, which are part of a government-wide initiative to standardize some corporate functions, reduce back office functions, and streamline operations.

We streamlined and simplified our staffing policies and procedures so we can quickly adapt to evolving staffing needs. We changed our employee performance management programs to simplify the performance management process, reduce administrative burden, and improve consistency across the CRA. Our recruitment strategies are aligned with and support federal public service renewal initiatives and meet commitments in our action plans for Blueprint 2020.

We developed a multi-pronged recruitment strategy for staffing certain jobs, achieving economies of scale through national coordination. The strategy includes partnering with government-wide stakeholders such as the Public Service Commission and external stakeholders such as professional accounting associations. We also introduced new leadership development programs to help new and experienced managers succeed in their functions.



Employment Equity and Diversity

Recognizing that the diversity of its employee population contributes to its strength and integrity, the CRA is committed to achieving employment equity and to building and maintaining a strong and vibrant workforce representative of the Canadian population it serves. Our representation levels for all four designated groups continue to surpass labour market availability (LMA)[1].

Visible minorities: CRA: 20.4%; LMA: 15.8%

Women: CRA: 61.1%; LMA: 58.8%

Aboriginal peoples: CRA: 3.2%; LMA: 2.4%

Persons with disabilities: CRA: 6.8%; LMA: 3.8%

Official Languages

Taxpayers expect us to serve them in both official languages and we monitor our success in doing so. The Office of the Commissioner of Official Languages undertook a review of our compliance with the *Official Languages Act* for its annual report, and the results were positive. The full annual report of the Commissioner of Official Languages was released in the fall of 2014.

Information technology

Our sophisticated information technology (IT) environment enables us to provide a responsive and secure Canadian tax and benefits delivery system. We are able to handle large volumes of tax and benefit transactions accurately, on time, efficiently and cost-effectively with a suite of modern tools, systems, and IT-enabled solutions.

We update our IT strategy annually as part of maintaining the high standards of IT service delivery and security of our data and IT assets. Our strategy includes providing ongoing maintenance for hundreds of applications and preparing our systems and infrastructure for the tax season while also

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[1] Employment equity data are for 2012-2013. Results for 2013-2014 will be tabled in Parliament in February 2015.

Sustainable development

Our sustainable development strategies focus on improving our operational efficiencies and conserving resources, helping us to reduce our environmental impact. For example, our efforts to increase electronic filing are reducing paper use: 80% of individuals and 83% of businesses filed their taxes electronically during this reporting period. Individual filing alone saved an estimated 944 million sheets of paper.

In 2013-2014, we developed our Sustainable Development Strategy 2014-2017, setting a three-year agenda for our efforts to continue greening CRA programs and operations in support of Canada's Federal Sustainable Development Strategy.

Key results:

- We reduced office paper use by an additional 3%.
- We achieved 11.8% green procurement for goods and services. 98% of procurement officers are trained in green procurement.
- We reduced greenhouse gas emissions from our vehicle fleet by 26% since 2005-2006, by purchasing the right size of vehicles for our operational needs.
- We included sustainable development clauses and environmental specifications in 11 of 13 contracts valued at over $1 million.[1]
- We have reduced the amount of paper used in external publications by 40% since 2008-2009 by increasing electronic publishing.
- We improved our average ratio of employees to printing units to 9.6:1 from 9.3:1 in 2012-2013.

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1. Two contracts did not present sustainable development opportunities.

planning for the CRA's future needs as technologies advance.

We regularly improve the CRA's suite of secure, online services, which most taxpayers have adopted as their preferred way to meet their tax obligations and receive their benefits. Our top priorities when changing our online systems are to protect Canadians' private information and to make the systems easy to use. The improvements implemented in 2013-2014 include secure online mail for business and expanding of payment and document submission functions. These e-services are discussed in more detail on page 39 of this report.

We strengthened our collaboration with Shared Services Canada (SSC) to ensure sound IT infrastructure services continue to be provided for the CRA. Together with SSC, we adopted a variety of governance and business processes to guide our oversight and collaboration on IT projects, and in parallel, continue to develop integrated planning processes to ensure that CRA business requirements and priorities are aligned with SSC operational plans and capacities.

We launched several initiatives aligned with SSC's agenda to provide modern, reliable, secure, and lower-cost IT infrastructure services to the Government of Canada. For example, we successfully moved a CRA data centre to a new data centre in West Quebec. We also launched the CRA Email Migration Project in support of the SSC Email Transformation Initiative to move 44 departments and agencies to a consolidated, secure, reliable and cost-effective email platform for the Government of Canada.

In support of Blueprint 2020, we began working with SSC at providing the technologies we need for greater flexibility and efficiency in the workplace, including launching a Wi-Fi pilot project and upgrading our video conferencing capabilities.

Two of our IT projects were recognized as Distinction Award honourees in the annual Government Technology Exhibition and Conference Distinction Awards, the most notable peer recognition of public sector IT accomplishments in Canada. The Electronic Transfer of Accounting Data project was noted for making it possible for businesses to send their electronic books and records securely and efficiently through the **My Business Account** portal. The **My Business Account** Enquiries Service project was noted for developing an online enquiries service that enables the CRA to provide documented, reliable responses to businesses, enhancing

REPORT CARD: Integrity and Security

Canadian taxpayers trust us to conduct our activities with integrity, and this trust supports their willingness to voluntarily report accurately, file on time, and pay amounts due. We implemented new measures to ensure taxpayers' information continued to be managed with a high level of integrity and security.

- We updated the CRA's Integrity Framework, Conflict of Interest Policy, and procedures for addressing employee misconduct.
- We created a business intelligence and quality assurance function and implemented procedures to improve audit quality and internal controls.
- We improved how we manage and monitor employee access to taxpayer information.
- We introduced a new level of security screening for people holding or applying for positions requiring a high degree of public trust.
- We took initial steps to establish an anonymous internal fraud and misuse reporting line.
- We updated internal investigation procedures.
- We met or exceeded Government of Canada standards for information technology security protocols, including cyber-security protocols, based on a third-party (Gartner Group) review.

compliance by helping businesses better understand their obligations.

Two multi-year sustainability projects met their milestones in 2013-2014. The T1 Systems Redesign project will provide the T1 tax program with a strong and flexible foundation for receiving, processing, and distributing the revenues, benefits, and services of many federal, provincial and territorial programs. Similarly, the Benefits System Renewal project will provide efficient and flexible technologies ensuring uninterrupted service delivery and supporting benefit program growth.

944M

DID YOU KNOW?
Individual e-filing saved an estimated 944 million sheets of paper in 2013-2014

The CRA continuously meets and exceeds the security standards set by the Government of Canada for protecting computerized systems. In 2013, the Gartner Group assessed current CRA IT security against industry best practices and peer organizations and found our IT security program is above average among its peers and is effective and mature.

Integrity and security

The foundation of our tax system—that taxpayers voluntarily report accurately, file on time, and pay amounts due—is sustained in large measure by the trust Canadians have placed in us to conduct our activities with integrity. Protecting the integrity of CRA programs, data, and systems is the responsibility of every CRA employee and is incorporated into every aspect of business strategy and decision-making.

During our Blueprint 2020 engagement, CRA employees noted their pride in the CRA's reputation and asked us to do more to raise awareness of their commitment to service and integrity. As a result, our Blueprint 2020 action plans include strategies to increase communications about employees' integrity and a commitment to add measures regarding values and ethics to executive performance agreements for 2014-2015.

In 2013-2014 we undertook a comprehensive review of our security policy instruments guiding the protection of taxpayer information and introduced new measures to strengthen our processes, better mitigate potential risks, and support employees in carrying out their responsibilities.

We advanced several multi-year projects that are enhancing our information security. Our Identity and Access Management project and our National Audit Trail System Modernization project each contribute to securing taxpayer data and preventing inappropriate access. We also continued to enhance our business intelligence program and data mining capabilities, which help detect risk and non-compliance. Our business intelligence work is discussed in more detail on page 67 of this report.

We introduced a new level of security screening with additional verifications for people holding or applying for positions that require a high degree of public trust. We created a new security eLearning course and 15 "security awareness moments" videos for employees and we organized CRA educational activities in support of the government-wide Security Awareness Week.

We revised our Conflict of Interest Policy and related instruments, introducing clearer language around what must be disclosed and increasing the rigour around disclosures by implementing an electronic disclosure and assessment system. We also implemented an electronic process for conflict of interest assessments to encourage consistency and timeliness in managing disclosures and facilitates high-level reporting.

Access to information and privacy

Oversight of privacy matters throughout the CRA was strengthened with the appointment of the Chief Privacy Officer. The volume and complexity of access to information and privacy requests continue to increase and the Chief Privacy Officer will oversee the implementation of measures responding to recommendations from the Office of the Information Commissioner of Canada and the Office of the Privacy Commissioner of Canada.

In 2013-2014 an action plan was developed to ensure accountabilities, responsibilities, and activities related to privacy were reinforced and communicated across the CRA. The Chief Privacy Officer was also appointed as chair of the Access to Information and Privacy (ATIP) Oversight Review Committee, which coordinates action on emerging ATIP issues at the CRA.

How we keep taxpayer information confidential

Canadians trust their information is only accessed or disclosed on a need-to-know basis for authorized purposes, and is handled with the utmost regard for security. A rigorous system of checks and balances makes sure this trust is well-founded:

- We manage and monitor access to taxpayer information to detect and address any suspicious transactions in our systems.
- We segregate duties to reduce the risk the same employee will select, action, and review any particular taxpayer file.
- We do not allow employees to serve people in their professional capacity whom they know personally.
- We require employees to review and acknowledge annually their obligations under our Code of Ethics and Conduct and our Conflict of Interest Policy as a condition of employment. Misconduct is addressed appropriately.
- We provide training and management support so our employees can continue to make responsible, integrity-based decisions as their work becomes more complex.
- Our Chief Privacy Officer, appointed in 2013, helps to ensure privacy responsibilities are reinforced and understood across the CRA.
- We ensure our online services are safe and secure and we maintain the highest standards of protection and monitoring.

Finance and administration

The CRA's achievements in 2013-2014 took place in an environment of sound comptrollership, where senior management's decisions were based on timely financial and administrative expertise.

The CRA has a well-established governance and accountability structure consisting of oversight by the Treasury Board of Canada Secretariat, the CRA's Board of Management, and the Office of the Auditor General of Canada.

Sound financial management remains a priority for the CRA. The Commissioner and Chief Financial Officer (CFO) have put in place measures supporting sound stewardship and decision-making in all aspects of financial management. These practices are regularly reviewed internally and externally and continuously improved for efficiency and effectiveness.

The CRA has a Policy Framework for Financial Management and Corporate Finance, approved by the CRA Board of Management. Under this framework, the CFO has overseen the development and maintenance of a comprehensive suite of policies and procedures supporting sound stewardship of funds allocated to the CRA and funds the CRA collects or administers on behalf of other organizations.

Effective resource management is key to the CRA's success in managing one of the Government of Canada's largest budgets. This is accomplished through the CRA's ongoing commitment to a sound base of accountabilities and financial controls over planning and budgeting, which ensure financial resources, including investments, are applied optimally and are aligned to the strategic direction and priorities of the organization.

Each year the CRA prepares financial statements, such as those in this report, which are audited by the Auditor General of Canada. The Commissioner and the CFO also attest, in the Statement of Management Responsibility for annual audited financial statements, that we have conducted an assessment of the effectiveness of our internal controls over financial reporting, in accordance with the Treasury Board's Policy on Internal Control. The Office of the Auditor General of Canada periodically audits the segment of these controls relating to the provincial and territorial tax collection agreement programs.

Using the Board of Management Oversight Framework, the CRA Board of Management provides an annual evaluation of financial management at the CRA. Financial management was again rated as strong this past year, reflecting the Commissioner's and CFO's ongoing commitment to sound financial management.

Section 3: Supplementary information

Members of the Board of Management (left to right)

Bottom Row:
Margaret Melhorn, Andrew Treusch, Richard (Rick) Thorpe, Fauzia Lalani, Luce Samoisette

Top Row:
Gordon Gillis, Richard J. Daw, James R. Nininger, Myles Bourke, Gerard J. Fitzpatrick, Raymond Desrochers, Robert (Bob) M. Manning, Norman G. Halldorson

Agency Governance and the Board of Management

The Board of Management of the CRA consists of 15 members appointed by the Governor in Council. They include the Chair, the Commissioner, a director nominated by each province, one director nominated by the territories, and two directors nominated by the federal government. Members of the Board bring a diverse business and community perspective from the private, public, and not-for-profit sectors to the work of the CRA. The Board is responsible for overseeing the organization and administration of the CRA and the management of its resources, services, property, personnel, and contracts. It undertakes its oversight role in cooperation with CRA management to ensure the CRA fosters sound management and service delivery.

Board priorities and accomplishments for 2013-2014

In support of the CRA during this reporting period, the Board continued to provide oversight in all areas for which it has statutory responsibilities, in line with the Board's priorities as stated in the CRA's Corporate Business Plan 2013-2014 to 2015-2016. Details on the Board's accomplishments in priority areas are provided below.

Board composition changed in 2013-2014. Ms. Susan J. McArthur's term as Chair of the Board ended on August 3, 2013. Ms. Fauzia Lalani became interim Chair until Mr. Richard (Rick) Thorpe was named Chair of the Board on October 3, 2013. The Board member from Ontario, Ms. Sylvie Tessier, left and processes are underway to replace her and to appoint a new member from British Columbia to fill the Chair's former position.

Strategic outlook

The Board oversaw the CRA's management of tax and benefit administration in 2013-2014 while remaining committed to the government-wide goal of optimizing resources. Each quarter, the Board received updates on fiscal rebalancing and transformation measures and their impact on the financial status and human resources of the CRA. Board members were kept fully informed of challenges in implementation and the best way to achieve the CRA's goals without undue delay and impact on operations and service to Canadians. The Board observed steady progress in implementing initiatives to reduce cost, improve efficiency, reduce red tape, and continually improve service to Canadians.

A key Board activity was providing direction on the development of the Corporate Business Plan and approving the final plan. Board members agreed to streamline work on the plan by using a common core structure, based on the CRA's spending architecture, for both Board and Treasury Board reporting.

In addition, the Board held a strategic planning meeting in June 2013, in which members gave guidance and direction to senior management on the CRA's integrated service, compliance, integrity and security strategy and the agenda for small and medium enterprises, with an emphasis on reducing red tape.

During the strategic planning meeting, the Clerk of the Privy Council was invited to speak to Board members about Blueprint 2020, the process to renew and build the public service of the future. Throughout 2013-2014, the Board continued to offer guidance and strategic advice to senior management about these efforts to improve the public service, and monitored employee engagement in the areas concerned.

As part of its strategic oversight of the CRA, the Board provided input to the Commissioner's performance assessment and performance agreement, approving areas under its oversight, and discussed other key senior management expectations and performance, to make sure they aligned with Board priorities and objectives.

Service to Canadians

Throughout 2013-2014, the Board continued to focus on the CRA's commitment to continually improve service to Canadians. The CRA Roadmap: Current Priorities for Service, Compliance and Integrity, which the Board approved in December 2013, clearly stated the CRA's objectives: improving service to make it easier to comply, making sure all taxpayers pay their share, and maintaining Canadians' trust.

The Board oversaw the evolution of the CRA's electronic service offerings and emphasized the ongoing need for reducing red tape, which the CRA discussed with small and medium enterprises and their representatives in a series of consultations.

Members drew on their collective experience in accounting, law, and business to provide management with an external perspective of potential benefits and challenges in the CRA's approaches to improve service and reduce red tape. The Board asked for and received updates throughout the fiscal year on service, including achievements in electronic services, and initiatives to reduce red tape.

Members also received updates on taxpayers' complaints, and the Board supported the further development of trends analysis. Other important briefings touching on service included reports on the activities of the Taxpayers' Ombudsman, and updates on the CRA's progress in administering personal information.

People and human resources management

In 2013-2014, the Board provided oversight of people management planning, as it was aligned more closely with government-wide directions, and ensured the continued streamlining of the CRA's human resources processes. Board members were updated on simplification measures such as disability management tools for managers, a new national service request management system, and the streamlining of executive performance management.

A Board priority in the fiscal period was ensuring the CRA has the appropriate workforce for the modern workplace. Members were active in guiding succession planning of CRA leadership. In addition, they gave direction on human resources initiatives including a robust recruitment and retention approach to address the CRA's workforce challenges, taking into account both demographics and future business needs.

The Board approved two strategic workforce plans, in June 2013 and March 2014, and supported their objectives: maintaining leadership capacity, meeting evolving business needs, and fostering employee health and wellness. The Board was shown how human resources priorities from Blueprint 2020 were being addressed, and it endorsed plans to review the competencies system to reduce red tape, to further improve the performance management process, and to simplify staffing.

The Board also continued to oversee personnel management through quarterly updates and discussions and by approving modifications to the CRA Policy on Terms and Conditions of Employment. As part of its support of a fair and healthy workplace, the Board received reports demonstrating the CRA's continued commitment to occupational health and safety, employment equity, and the respect of official languages.

Integrity and security

The Board continued to focus on measures to foster and promote integrity and security in the CRA; to prevent, monitor, detect, and manage security breaches; and to lessen the risk of fraud.

In 2013-2014, the Board approved the finalized CRA Integrity Framework, a reference tool for employees and a declaration of the CRA as an integrity-based organization.

The Board also approved the updated CRA Conflict of Interest Policy, a core instrument within the Integrity Framework. It reinforces the integrity of the CRA by providing clear direction surrounding preventing, identifying, and managing conflict of interest situations.

Other measures presented to the Board included a new method to guide the application of disciplinary measures in response to misconduct. This new guidance also aligned the CRA's disciplinary procedures with the recent addition to the **Taxpayers' Bill of Rights**: "You have the right to lodge a service complaint and request a formal review without fear of reprisal."

With respect to the security of tax and benefit information, the Board monitored action plans stemming from the Office of the Privacy Commissioner's audit of the administration of personal information, released on October 29, 2013. The Board also gave direction on the evolution of the Information Technology Security Program. The Board received updates twice during the year with information on security innovations, ongoing initiatives, and an overview of incidents. A third-party review conducted in the winter of 2013 found the CRA above average among its peers (including financial institutions and insurance companies) in this area.

The Board also supported the implementation of a new level of personnel security screening called Reliability Status Plus. It will strengthen security screening of employees in specific positions of trust within the CRA by identifying potential vulnerabilities and potential indicators resulting from an individual's financial situation, including tax compliance.

In addition, the Board approved the Internal Audit Charter, which meets the Institute of Internal Auditors requirements. The Charter had been recommended in the third-party review of the Corporate Audit and Evaluation Branch in 2012-2013.

Information technology responsiveness and sustainability

The Board encouraged and supported the CRA's advances in information technology (IT), considered critical to service excellence and the implementation of government-wide priorities.

To this end, the Board reviewed and approved the renewed IT strategy 2013-2014 to 2015-2016, which was aligned with the Corporate Risk Profile and priorities from the Corporate Business Plan and Vision 2020 strategic directions.

The Board also approved the CRA IT Security Strategy 2013-2016, aligned with the CRA's strategic vision. The Security Strategy ensures the protection of the confidentiality, integrity, and availability of taxpayer information and associated electronic services. It sets out the way the CRA will deliver security technology services efficiently and use industry-leading solutions in a cost-effective manner.

Further, the Board monitored the CRA's information technology investments and continued to oversee the management of the relationship with Shared Services Canada (SSC). Areas of oversight included the implementation of the SSC-CRA Relationship Assessment Framework, as well as an operating protocol and security governance. The Board received regular updates on government-wide and SSC transformation initiatives.

One of these major initiatives was the Data Centre Co-Location project. In July 2013, SSC's information technology infrastructure and associated CRA and Canada Border Services Agency services moved from Data Centre Heron to the new Data Centre West Québec, to support long term business, business continuity, security, and growth requirements.

Resource optimization

The Board fulfilled its oversight responsibilities for managing CRA resources in 2013-2014 by ensuring investment decisions reflected corporate priorities, approved projects were appropriately managed, and future funding pressures were identified.

The Board was briefed on the CRA Strategic Investment Plan 2013-2014 to 2022-2023, the 10-year investment plan for the CRA's portfolio of major project investments. Board members noted the maturity and progress of the CRA's approach to investment planning.

The Board also received quarterly resource management reports on the CRA's financial position, and was regularly updated by the Office of the Auditor General. It performs its own audits and reviews the CRA's annual statements, which are then submitted for approval by the Board.

Effective oversight and governance

In 2013-2014, the Board continued to oversee the management of enterprise risk: it approved the Risk-Based Audit and Evaluation Business Plan 2013-2016. It also received the first Chief Audit Executive Annual Report since the January 2013 merger of the former Corporate Audit and Evaluation and Enterprise Risk Management branches, making sure the risk and internal audit functions remained independent, thereby safeguarding the reliability of these functions. The Board monitored the high-performing enterprise risk management of the CRA: it studied key risk assessment results for the Corporate Risk Profile for 2013-2014, along with risk responses, accountabilities, and action plans.

In addition, the Board used a risk-based approach (for the third time) to set assessment priorities and assess CRA management processes, practices, and results through the Board of Management Oversight Framework.

The Board plays a major role in approving policy in its areas of oversight. During 2013-2014, it approved a new Information Management Policy Framework and a revised Information Management Policy, Project Management Policy and Real Property Management Policy.

Conclusion

The Board believes it has accomplished its strategic objectives for 2013-2014. It is committed to fulfilling its mandate to provide oversight of the organization and administration of the CRA, in the areas under its purview. It has provided senior management with direction and guidance throughout 2013-2014. The Board also acknowledges the excellent co-operation and support it received from the Commissioner, senior management, and employees of the CRA.

Board membership

The following are the Board members, as of March 31, 2014.

Richard (Rick) Thorpe, CPA, CMA, FCMA
Chair, Board of Management
Penticton, British Columbia

Myles Bourke, B.Comm., FCPA, FCA
Corporate Director
Lethbridge, Alberta

Richard J. Daw, FCA, CMC
Corporate Director
St. John's, Newfoundland and Labrador

Raymond Desrochers, B.Comm., CA, CFE
Partner
BDO CANADA LLP Chartered Accountants & Consultants
Winnipeg, Manitoba

Gerard J. Fitzpatrick, CPA, FCA, TEP
Partner
Fitzpatrick & Company Chartered Accountants
Charlottetown, Prince Edward Island

Gordon Gillis, B.A., LL.B.
Corporate Director
Eureka, Nova Scotia

Norman G. Halldorson, B.Comm., CA, FCA
Corporate Director
Clavet, Saskatchewan

Fauzia Lalani, P.Eng.
Director, Logistics Services
Suncor Energy Services Inc.
Calgary, Alberta

Robert (Bob) Manning, B.B.A.
Associate
Owens MacFadyen Group
Saint John, New Brunswick

Margaret Melhorn, B.A., M.A.
Corporate Director
Yellowknife, Northwest Territories

James R. Nininger, B.Comm., M.B.A., Ph.D
Corporate Director
Ottawa, Ontario

Luce Samoisette, LL.M., MS Taxation, DDN, LL.B.
President
Université de Sherbrooke
Sherbrooke, Quebec

Andrew Treusch, B.A., M.A.
Commissioner of the Canada Revenue Agency
Canada Revenue Agency
Ottawa, Ontario

****At the time of writing this report, processes were under way to appoint new members from British Columbia and Ontario****

Committee membership and director participation

The Board of Management is supported by four committees: they undertake much of the detailed review of items brought before the Board for its consideration. The following table shows the membership of each committee as well as directors' committee attendance over the 2012-2013 fiscal year.

Board members	Board of management (9 meetings)[1]	Audit committee (5 meetings)[2]	Governance committee (3 meetings)	Human resources committee (4 meetings)	Resources committee (4 meetings)	BoMOF sub-committee (3 meetings)
Board members present throughout the fiscal year						
Myles Bourke	8/9	5/5	3/3			
Richard J. Daw	8/9	4/5				
Raymond Desrochers	9/9		3/3			
Gerard J. Fitzpatrick	9/9	5/5				
Gordon Gillis	9/9		3/3	4/4		3/3
Norman G. Halldorson	9/9	5/5				3/3
Fauzia Lalani	7/7		1/2		3/3	1/1
Robert (Bob) Manning	8/9				4/4	
Margaret Melhorn	9/9			4/4	2/2	
James R. Nininger	7/9		3/3	4/4		3/3
Luce Samoisette	9/9			4/4		
Richard (Rick) Thorpe (B.C. director)	5/5				2/2	
Andrew Treusch	9/9	5/5	3/3	4/4	3/4	2/3
Board members who joined during the fiscal year						
Fauzia Lalani (Interim Chair)	2/2	2/2		1/1	1/1	1/1
Richard (Rick) Thorpe (Chair of the Board)	4/4	2/2	2/2	2/2	2/2	2/2
Board members who departed during the fiscal year						
Susan J. McArthur	3/3	1/1	1/1	1/1	1/1	
Sylvie Tessier	5/5		1/1		2/2	
Average attendance per meeting	**120/125=96%**	**29/30=97%**	**20/21=95%**	**24/24=100%**	**20/21=95%**	**15/16=94%**

[1] This includes all Board meetings and teleconferences, and the annual strategic planning meeting.

[2] The two teleconferences on the financial statements have been streamlined to one teleconference of the audit committee followed by one of the Board. The Commissioner-Chief Executive Officer attended as an observer in regular closed sessions.

Governor in Council rates of pay		
Member capacity	**Per annum retainer**	**Per diem**
Board chair	$14,500 - $17,100	$565 - $665
Committee chair	$11,100 - $13,000	$565 - $665
Director	$7,300 - $8,600	$475 - $550
Source: www.appointments-nominations.gc.ca[v]		

Financial statements highlights

Condensed Statement of Operations and Agency Net Financial Position (unaudited)

For the year ended March 31, 2014

	2013-2014 planned results	2013-2014 actual	2012-2013 actual	Difference (2013-2014 actual minus 2013-2014 planned)	Difference (2013-2014 actual minus 2012-2013 actual)
Total expenses	4,516,600,812	4,562,082,581	4,575,001,779	45,481,769	12,919,198
Total non-tax revenues	516,965,608	493,500,773	496,744,600	(23,464,835)	(3,243,827)
Net cost of operations before government funding and transfers	3,999,635,204	4,068,581,808	4,078,257,179	68,946,604	(9,675,371)
Agency net financial position	309,089,115	659,602,859	634,801,179	350,513,744	24,801,680

The CRA's 2013-2014 net cost of operations before government funding and transfers amounted to $4,068.6 million, decreasing by $9.7 million from the $4,078.3 million net cost of operations before government funding and transfers in 2012-2013.

Personnel expenses (salaries, other allowances and benefits) are the CRA's primary costs, representing 74% of total expenses while the remaining 26% of expenses are comprised of various other costs such as accommodation, information technology equipment and services. The increase in personnel costs of $26.6 million is mostly attributable to economic salary increases and increments pursuant to collective agreement provisions, increases in employee severance benefits expenses offset by lower salary expenses resulting from a slight reduction of workforce and a decrease in the employer's contributions to the health and dental insurance plans.

Non-personnel expenses have decreased by $39.5 million in 2013-2014. This variance mainly results from a decrease in the purchases and maintenance of computer equipment and software in which the transfer of information technology responsibilities to Shared Services Canada contributed, a decrease in the interest on accrued employee benefits along with a decrease in postage and travel expenses.

Condensed Statement of Financial Position (unaudited)

As at March 31, 2014

	2013-2014	2012-2013	Difference
Total net liabilities	1,227,975,851	1,206,348,417	21,627,434
Total net financial assets	170,082,996	169,418,419	664,577
Agency net debt	1,057,892,855	1,036,929,997	20,962,858
Total non-financial assets	398,289,996	402,128,818	3,838,822
Agency net financial position	659,602,859	634,801,179	24,801,680

The increase in the Agency net financial position is mainly attributable to an increase in accrued salaries partly offset by a decrease in accounts payable and accrued employee severance benefits. Employee sick leave and severance benefits combined account for 66% of the CRA total liabilities in 2013-2014.

Non-financial assets are comprised of 97% tangible capital assets. The CRA managed a capital budget of $110.0 million for the year 2013-2014 ($83.4 million for 2012-2013), of which $46.7 million ($36.9 million for 2012-2013) remains available for use in future years in accordance with the CRA's multi-year resource management strategy. Investments in in-house developed software represent a significant portion of the CRA's total investments in information technology.

Financial statements

The CRA financial statements[vi] can be found on the CRA's website.

Supplementary information tables

The supplementary information tables[vii] listed in the *2013-2014 Departmental Performance Report* can be found on the CRA's website.

- CRA sustainable development strategy
- details on transfer payment programs
- internal audits and evaluations
- response to parliamentary committees and external audits
- sources of respendable and non-respendable non-tax revenue
- details on project spending
- user fees reporting

Tax expenditures and evaluations

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance publishes cost estimates and projections for these measures annually in the Tax Expenditures and Evaluations[viii] publication. The tax measures presented in the *Tax Expenditures and Evaluations* publication are the sole responsibility of the Minister of Finance.

Service standards

Canadians' confidence in the integrity of the tax system is essential to the CRA's success. Meeting our service standards shows that we are answering the needs of taxpayers and benefit recipients. Our service standards tell citizens what level of performance they can reasonably expect from the CRA under normal circumstances. We review our standards and targets every year and update them as needed.

New Service Standards in 2013-2014

We introduced four new service standards:

- Charities – written enquiries – routine
- Charities – written enquiries – complex
- Processing a request to authorize or cancel a representative – paper
- Processing a request to authorize or cancel a representative – electronic

Revised Service Standards in 2013-2014

We made changes to two of our service standards.

- The standard for processing excise tax, excise duty, softwood lumber returns, and air travellers' security charge returns was within 90 calendar days 95% of the time. As a result of our increased efficiency in processing these returns, we improved service standard by reducing the time for assessment from 90 to 60 calendar days.
- Processing T2 corporate income tax returns included both paper and electronic returns. We created two separate service standards in 2013-2014, one for electronic and one for paper. We will assess electronically filed T2 corporate income tax returns in 45 calendar days or less and paper-filed T2 returns in 90 calendar days or less.

Our Service Standard Results

Service	Standards	Targets	2011-2012	2012-2013	2013-2014
Taxpayer and business assistance					
General enquiries – telephone service level	Respond to calls in the agent queue within two minutes	80%	80.1%	82%	**80%**
Business enquiries – telephone service level	Respond to calls in the agent queue within two minutes	80%	81.2%	82%	**81%**
GST/HST rulings and interpretations – telephone enquiries	Respond to calls in the agent queue within two minutes	80%	88%	97%	**95%**
GST/HST rulings and interpretations – written enquiries	Respond to written requests for GST/HST rulings and interpretations within 45 business days of receipt in the CRA. This excludes highly technical and precedent and/or policy-setting rulings and interpretations	80%	41.9%	81%	**74%[1]**
Charities – responding to telephone enquiries	Respond to calls in agent queue within two minutes	80%	84.1%	86.3%	**85.1%**
Charities – responding to simple applications	Respond to simple applications for charitable registration within two months, upon receipt of a complete application	80%	86%	94.5%	**90.9%**
Charities – responding to regular applications	Respond to regular applications for charitable registration within six months, upon receipt of a complete application	80%	91.3%	97.5%	**99%**
Charities – written enquiries – routine	Review and respond to routine written enquiries in 30 calendar days or less of receipt	80%	N/A[2]	N/A[2]	**79.8%**
Charities – written enquiries – complex	Review and respond to complex written enquiries in 75 calendar days or less of receipt	80%	N/A[2]	N/A[2]	**55%**
Advance income tax rulings	Issue advance income tax rulings within 90 business days of receipt of all essential information from the client	85%	N/A[3]	74%	**75%[4]**
Technical interpretations	Issue technical interpretations within 90 business days of receipt of all essential information from the client	85%	N/A[3]	83%	**87%**
Actuarial valuation reports	Review actuarial valuation reports within nine months and provide written approval of the recommended employer contributions	80%	50.7%	52%	**71%**
Amendments to registered pension plans	Review pension plan amendments for compliance with the *Income Tax Act* within nine months	80%	78.7%	81%	**82%**
Applications to register pension plans	Complete a full review and provide a response on applications to register pension plans within 180 calendar days	85%	83.9%	90%	**89%**

Service	Standards	Targets	2011-2012	2012-2013	2013-2014
Deferred income plans – response to written enquiries	Respond to written enquiries within 60 calendar days	80%	88.3%	98%	**89%**
Deferred profit sharing plans – amendments and terminations	Review requests to amend and to terminate plans within 270 days	80%	93.7%	97%	**92%**
Deferred profit sharing plans – reviewing applications	Review applications to register new deferred profit sharing plans within 180 days	80%	98.1%	100%	**98%**
Education savings plans (applications to register, amend, or terminate)	Respond to applications to approve, amend, and terminate education savings plans specimen plans within 60 calendar days	85%	97.5%	91%	**92%**
Retirement income funds (applications to register, amend, or terminate)	Respond to applications to register, amend, or terminate retirement income funds within 60 calendar days	80%	96.2%	99%	**99%**
Retirement savings plans (applications to register, amend, or terminate)	Respond to applications to register, amend, or terminate retirement savings plans within 60 calendar days	80%	94.4%	96%	**99%**
Assessment of returns and payment processing					
Processing T1 individual income tax returns (EFILE and NETFILE)	Process electronic T1 returns (EFILE and NETFILE) within an average of two weeks of receipt	100%	1.6 weeks	1.6 weeks	**1.6 weeks**
Processing T1 individual income tax returns (paper)	Process a paper T1 return and mail a notice of assessment and refund, if applicable, in an average of four to six weeks	100%	3.9 weeks	4.3 weeks	**5 weeks**
Responding to taxpayer-requested adjustments (T1) received by internet	Complete the adjustment and mail a notice of reassessment within an average of two weeks, provided all requisite information has been received from the taxpayer	100%	1.8 weeks	2 weeks	**1.6 weeks**
Responding to taxpayer-requested adjustments (T1)	Complete the adjustment and mail a notice of reassessment within an average of eight weeks, provided all requisite information has been received from the taxpayer	100%	7 weeks	7 weeks	**7 weeks**
Processing T3 trust returns	Process T3 trust returns within four months	95%	98.7%	98.7%	**99.3%**
Processing T2 corporation income tax returns – electronic	Assess electronic T2 returns (corporation income tax) within 45 calendar days	90%	N/A[2]	N/A[2]	**97.1%**
Processing T2 corporation income tax returns – paper	Assess paper T2 returns (corporation income tax) within 90 calendar days	90%	N/A[2]	N/A[2]	**91.4%**
Processing GST/HST returns	Process GST/HST returns within 30 calendar days of receipt	95%	91%	93.8%	**96.5%**

Service	Standards	Targets	2011-2012	2012-2013	2013-2014
Processing excise tax, excise duty, softwood lumber returns, and air travellers security charge returns	Assess excise tax, excise duty, softwood lumber returns, and air travellers security charge returns within 60 calendar days of receipt	95%	N/A[3]	N/A[3]	**97.2%**
Compliance					
Claims – SR&ED tax incentives – refundable claims	Process claims for tax incentives from businesses that conduct SR&ED in Canada within 120 calendar days from receipt of a complete claim for refundable claims	90%	96.5%	96%	**96%**
Claims – SR&ED tax incentives – non-refundable claims	Process claims for tax incentives from businesses that conduct SR&ED in Canada within 365 calendar days from receipt of a complete claim for non-refundable claims	90%	96.7%	96%	**96%**
Claims – SR&ED tax incentives – claimant-requested adjustments to refundable claims	Process claims for tax incentives from businesses that conduct SR&ED in Canada within 240 calendar days from receipt of a complete claim, for refundable claims related to adjustments requested to previously filed income tax returns	90%	95.1%	95%	**96%**
Claims – SR&ED tax incentives – claimant-requested adjustments to non-refundable claims	Process claims for tax incentives from businesses that conduct SR&ED in Canada within 365 calendar days from receipt of a complete claim, for non-refundable claims related to adjustments requested to previously filed income tax returns	90%	94.5%	94%	**93%**
Claims – video and film tax credits – refundable claims – audited	Review T2 corporation income tax returns that include claims for the Canadian film or video production tax credit, the film or video production services tax credit, the BC film and television tax credit, the BC production services tax credit, the Manitoba film and video production tax credit, the Ontario film and television tax credit, and the Ontario production services tax credit within 120 calendar days from the date of receipt where audit action is undertaken	90%	79%	90.5%	**96%**
Claims – video and film tax credits – refundable claims – unaudited	Review T2 corporation income tax returns that include claims for the Canadian film or video production tax credit, the film or video production services tax credit, the BC film and television tax credit, the BC production services tax credit, the Manitoba film and video production tax credit, the Ontario film and television tax credit, and the Ontario production services tax credit within 60 calendar days from the date of receipt when no audit action is undertaken	90%	95.9%	96.2%	**96%**

Service	Standards	Targets	2011-2012	2012-2013	2013-2014
Appeals					
First contact letter for disputes	Acknowledge taxpayer disputes within 30 calendar days after we receive them	85%	N/A[5]	84%[5]	85.2%
Service complaints – two-day acknowledgement	Acknowledge receipt of the complaint within two business days.	80%	97.2%	92%	85.8%
Service complaints – 30 day resolution	Resolve the complaint within 30 business days	80%	94.5%	94.3%	95.3%
Problem resolution program – acknowledge receipt	Acknowledge receipt of a problem within two business days	95%	97.6%	98.2%	98.3%
Problem resolution program – resolution	Resolve the problem within 15 business days. If we cannot (for example, if a case is complex), we will make contact within that time to give an anticipated date of resolution	95%	97.5%	98.2%	98.2%
Benefit programs					
Canada child tax benefit enquiries – telephone service level	Respond to calls in the agent queue within two minutes	75%	76%	78%	75%
GST/HST credit enquiries telephone service level	Respond to calls in the queue within two minutes	75%	76.6%	77%	75%
Processing benefit applications and marital status change forms – timeliness	Issue a payment, notice, or explanation within 80 calendar days	98%	99%	99.8%	99.5%
Processing benefit applications and marital status change forms – accuracy	Accurately process the appropriate payment and notice and, if necessary, issue a letter requesting additional information	98%	97.5%	98.7%	99%
Responding to benefit and credit enquiries – timeliness	Respond to written enquiries and telephone referrals from call centers within 80 calendar days	98%	98.1%	98%	99.1%
Responding to benefit and credit enquiries – accuracy	Respond to written enquiries and telephone referrals from call centers, with correct information, and accurately process new recipient information, including issuing a payment, notice, or letter	98%	98.8%	98.1%	98%
Validation and compliance – results of review	Inform you of the result of our review within 45 days after we receive the information requested	90%	98.5%	99%	98.9%
Processing a request to authorize or cancel a representative – electronic	Process your complete electronic request to authorize or cancel a representative in five business days or less of receipt by the CRA, provided the request is complete	90%	N/A[2]	N/A[2]	99.4%

Service	Standards	Targets	2011-2012	2012-2013	2013-2014
Processing a request to authorize or cancel a representative – paper	Process your complete paper request to authorize or cancel a representative in 20 business days or less of receipt by the CRA, provided the request is complete	90%	N/A[2]	N/A[2]	**96.1%**
Internal services					
Taxpayer requests for statistical tax data	Respond to taxpayer requests for statistical data within an average of 30 calendar days	100%	17 days	14 days	**11 days**

When service standards are expressed in numbers of days, they refer to calendar days, unless otherwise specified.

[1] Some resources diverted from providing rulings to train new technical staff and develop new initiatives (e.g., folios).

[2] Service standard introduced in 2013-2014; no prior-year results available.

[3] The service standard was revised in 2013-2014; no prior-year results available.

[4] Results improved (from 71% at the start of December to 74% at the end of March) when resources were reallocated and inventory management strategies were implemented.

[5] The measurement has been revised, affecting comparability with previous-year results, to more accurately report results by calculating the period of time when the first contact letter is sent and received, as opposed to measuring performance once the file has been closed.

New Service Standards in 2014-2015

We will introduce a new service standard for the e-Services helpdesk. We will respond to calls in the queue within two minutes, 80% of the time. This service standard is based on the CRA's existing telephone standards for:

- individual income tax and trust enquiries
- business enquiries
- Canada child tax benefit enquiries
- goods and services tax/harmonized sales tax (GST/HST) credit enquiries

Detailed tax debt management action plans

These plans track actions to address the recommendations of the Standing Committee on Public Accounts (PACP) and the Office of the Auditor General of Canada (OAG) for how the CRA collects tax debt.

Risk management

The CRA's strategy to improve the risk management of its collections program will address OAGs recommendation 8.52: "The Canada Revenue Agency should establish a more comprehensive automated risk-scoring system for tax debt, update the risk scores on an ongoing basis, and use the risk scores to prioritize workload throughout the collections process." PACP reference #2

Specific commitment and deliverables	Target date	Progress
Fully operational risk scores are scheduled for GST/HST programs.	2014	The data mining models for GST/HST programs have been automated and deployed.

Performance reporting

The CRA's strategy to improve how it reports on the performance of its collections program will address OAGs recommendation 8.41: "The Canada Revenue Agency should significantly improve its management information to make it complete and comprehensive. It should develop reliable techniques and information sources to determine on a regular basis the results of its collection efforts and use that information to guide its decision-making for each of its major collection modes and actions." PACP reference #5

Specific commitment and deliverable	Target date	Progress
Performance reporting tools are scheduled to be progressively implemented throughout all major business revenue lines.	2014	The performance reporting solution for T1 collections was deployed in June 2012. Development work on a similar solution is under way for other major business lines.

Debt management research

The CRA's strategy to improve its debt management research will address OAGs recommendation 8.28: "The Canada Revenue Agency should identify and collect the data it needs to analyze the makeup of its tax debt and to develop better collection strategies." (considering a variety of factors including fluctuations in the economic cycle) PACP reference #4

Specific commitment and deliverable	Target date	Progress
Research into economic indicators: develop research approach and conduct study.	Ongoing	In 2013-2014, debt management research: • completed a first study and continued to work on the employer population • continued work on source and disposition of GST/HST • developed a first model to forecast the level of tax debt • continued work on trend analysis; designed samplings and prepared reports on findings for different program initiatives

Benefit programs and benefit-related services delivered by the Canada Revenue Agency

Six federal benefit programs	
Canada child tax benefit	Children's special allowances
Disability tax credit	Universal child care benefit – on behalf of Employment and Social Development Canada
Goods and services tax / harmonized sales tax credit	Working income tax benefit advance payments

Twenty-eight ongoing benefit programs for provinces and territories			
	1st year		1st year
British Columbia – BC family bonus	1996	Newfoundland and Labrador seniors' benefit	1999
Alberta family employment tax credit	1997	Saskatchewan low-income tax credit	2000
New Brunswick child tax benefit	1997	Newfoundland and Labrador – mother baby nutrition supplement	2001
New Brunswick working income supplement	1997	Ontario child benefit	2007
Newfoundland and Labrador harmonized sales tax credit	1997	British Columbia low-income climate action tax credit	2008
British Columbia – BC earned income benefit	1998	Ontario senior homeowners' property tax grant	2009
Saskatchewan child benefit	1998	Ontario sales tax credit	2010
Northwest Territories child benefit	1998	British Columbia harmonized sales tax credit	2010
Northwest Territories – territorial worker's supplement	1998	Nova Scotia affordable living tax credit	2010
Nova Scotia child benefit	1998	Ontario energy and property tax credit	2011
Yukon child benefit	1999	Northern Ontario energy credit	2011
Nunavut child benefit	1999	Ontario trillium benefit	2012
Nunavut – territorial worker's supplement	1999	New Brunswick school supplement	2012
Newfoundland and Labrador child benefit	1999	Prince Edward Island sales tax and credit	2013

Ten one-time payment programs			
	1st year		1st year
Relief for heating expenses (federal)	2000	Energy cost benefit (federal)	2005
British Columbia – BC energy rebate	2001	Alberta 2005 resource rebate	2005
Alberta energy tax refund	2001	Ontario home electricity relief	2006
Ontario taxpayer dividend	2001	British Columbia climate action dividend	2008
Nova Scotia taxpayer refund	2003	Ontario sales tax transition benefit	2010

Eighty-eight data exchange and data transfer services	
Fifty-four income verification data exchanges with provinces to support programs	Ten national child benefit supplement data exchanges with provinces and territories to facilitate the calculation of social assistance
Five data transfers with provinces to support top-ups for CRA-administered child benefit programs	Two data transfers of income and child information to support administration of the Ontario child care supplement and Quebec family allowance programs
Eight data exchanges and transfers to support the Nova Scotia pharmacare program, the British Columbia low-income climate action tax credit, Ontario senior homeowners property tax grant, Ontario sales tax credit, Ontario energy and property tax credit/Northern Ontario tax credit, Ontario trillium benefit, BC harmonized sales tax credit and to assist the ministère du Revenu du Québec in administering the *Quebec Taxation Act*	Nine data exchanges and data transfers to support federal administration of the employment insurance family supplement, guaranteed income supplement, Canada learning bond, additional canada education savings grant, registered disability savings plan and Canadian disability savings grant, Old Age Security, and universal child care benefit

Section 4: Organizational contact information

Organizational structure

The Honourable Kerry-Lynne D. Findlay
Minister of National Revenue
The minister is responsible for the Canada Revenue Agency.

Richard (Rick) Thorpe
Chair, Board of Management
The Board is responsible for overseeing the organization and administration of the CRA and the management of its resources, services, property, personnel, and contracts.

Andrew Treusch
Commissioner of the Canada Revenue Agency
The commissioner is the chief executive officer of the CRA and is responsible for its day-to-day management and direction.

Anne-Marie Lévesque
Assistant Commissioner
Appeals

Frank Vermaeten
Assistant Commissioner
Assessment and Benefit Services

Richard Montroy
Assistant Commissioner
Compliance Programs

Rick Stewart
Assistant Commissioner
Legislative Policy and Regulatory Affairs

Michael Snaauw
Assistant Commissioner
Taxpayer Services and Debt Management

Peter Estey
Assistant Commissioner
Atlantic

Vince Pranjivan
Assistant Commissioner
Ontario

Maureen Phelan
Assistant Commissioner
Pacific

Cheryl Bartell
Assistant Commissioner
Prairie

Gabriel Caponi
Assistant Commissioner
Quebec

Brian Philbin
Assistant Commissioner
and Chief Audit Executive
Audit, Evaluation, and Risk

Roch Huppé
Assistant Commissioner
and Chief Financial Officer
Finance and Administration

Diane Lorenzato
Assistant Commissioner
Human Resources

John Messina
Assistant Commissioner
and Chief Information Officer
Information Technology

Micheline Van-Erum
Assistant Deputy Attorney General
Legal Services

Susan Gardner-Barclay
Assistant Commissioner
and Chief Privacy Officer
Public Affairs

Catherine Bennett
Assistant Commissioner
Strategy and Integration

As of October 2014

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YouTube: www.youtube.com/canrevagency[x]

Twitter: www.twitter.com/canrevagency[xi]

RSS feeds: www.cra-arc.gc.ca/esrvc-srvce/rss/menu-eng.html[xii]

Appendix: Definitions

Appropriation: Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

Budgetary expenditures: Include operating and capital expenditures; transfer payments to other levels of government, organizations, or individuals; and payments to Crown corporations.

Departmental performance report: A report on an appropriated organization's accomplishments against the plans, priorities, and expected results set out in the corresponding report on plans and priorities. The report is tabled in Parliament in the fall.

Full-time equivalent: Is a measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes: A set of 16 high-level objectives defined for the Government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs, and government affairs.

Management, resources, and results structure: A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators, and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the strategic outcomes to which they contribute. A management, resources and results structure is developed from the program alignment architecture.

Non-budgetary expenditures: Include net outlays and receipts related to loans, investments, and advances, which change the composition of the financial assets of the Government of Canada.

Performance: What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve, and how well lessons learned have been identified.

Performance indicator: A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy, or initiative respecting expected results.

Performance reporting: The process of communicating evidence-based performance information. Performance reporting supports decision making, accountability, and transparency.

Planned spending: For reports on plans and priorities and departmental performance reports, planned spending refers to those amounts that receive Treasury Board of Canada Secretariat approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates. A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their reports on plans and priorities and departmental performance reports.

Plans: The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

Priorities: Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired strategic outcomes.

Program: A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Results: An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of one organization, policy, program, or initiative. Instead, they are within the area of the organization's influence.

Program alignment architecture: A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the strategic outcomes to which they contribute.

Report on plans and priorities: Provides information on the plans and expected performance of an appropriated organization over a three-year period. This report is tabled in Parliament each spring.

Strategic outcome: A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision, and core functions.

Sunset program: A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level, and duration.

Target: A measurable performance or success level that an organization, program, or initiative plans to achieve within a specified time. Targets can be either quantitative or qualitative.

Whole-of-government framework: Maps the financial contributions of federal organizations receiving appropriations by aligning their programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

i. Copyright information, www.cra-arc.gc.ca/cpyrght-eng.html

ii. Whole-of-government framework, www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx

iii. Public Accounts of Canada, www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/index-eng.html

iv. Red tape reduction at the Canada Revenue Agency, www.cra-arc.gc.ca/redtapereduction

v. Governor in Council Appointments, www.appointments-nominations.gc.ca/

vi. Canada Revenue Agency Financial Statement, www.cra-arc.gc.ca/annualreport/

vii. Canada Revenue Agency Departmental Performance Report Supplementary Information tables, www.cra-arc.gc.ca/gncy/prfrmnc_rprts/menu-eng.html

viii. Tax Expenditures and Evaluations, www.fin.gc.ca/purl/taxexp-eng.asp

ix. Canada Revenue Agency website, www.cra-arc.gc.ca

x. Canada Revenue Agency YouTube, www.youtube.com/canrevagency

xi. Canada Revenue Agency Twitter, www.twitter.com/canrevagency

xii. Canada Revenue Agency RRS feed, www.cra-arc.gc.ca/esrvc-srvce/rss/menu-eng.html